

VT Downing Global Investors Fund



September 2022 Commentary

We live in such a volatile world at present that the written word is in danger of obsolescence as a means of communication. Nevertheless, at this moment in time we see that prices for pretty much all the ground zero inputs into the economic cycle are falling. These include most of the energies we use, most of the agricultural products we turn into food, and most of the raw materials. Logistics blockages appear to be easing and supply chains are improving. To that extent, headline inflation is a lagging indicator. Real inflation may already have peaked. There are two inputs still rising - one is labour rates. To the extent that labour rates are rising in response to demand, that is a good thing. To the extent that labour rates are rising to offset the rising cost of living, that is a bad thing, but a force that will also wain if cost of living pressures ease. The other is interest rates. For us this is the one that matters as it is the cost of funding economic activity. Too low and wasteful or excessively optimistic activity is stimulated. Too high and the door gets closed. Somewhere around or just above the longer-term rate of inflation is about right and that is where market forces will settle longer-term rates. The 30-year US treasury rate stands at around 3.75% at present, and shorter-term rates are higher than longer-term rates. All other things being equal, we interpret that as positive. It implies supply shocks are surmountable and economic expansion is affordable. We are probably nearer the conclusion of the bear market (value adjustment if you like) than we realise.

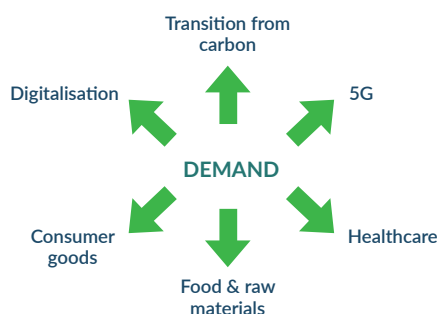
One industrial business we follow that makes cookers and ovens for commercial use (so the end user is on the discretionary side of spending) reported this month that the availability of materials is improving, and price increases are moderating. Higher production and sales volumes are anticipated going forwards and strong after-sales business contributes to this encouraging development. The order book is well filled and sales growth is stronger than expected, yet the order backlog is shortening as supply chains ease. This is all very encouraging in the wider context.

Even so, it seems to us that pricing power is stronger lower down the economic food chain (the inputs themselves over the finished goods) reflecting an overall excess of demand over supply at the previously lower levels. We believe that this is a good thing as the supply side of the economy should expand in response, and our portfolio bias is that way.

Opinions expressed represent the views of the fund manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

About the fund

The VT Downing Global Investors Fund is a thematically invested fund focused on the needs and wants of the growing middle-class population. We believe this population is a homogeneous borderless group, showing a single set of demands and aspirations. Currently numbering around 3.3 billion, we believe the global middle-class will be closer to 5.3 billion at the end of this decade. That is a needle-moving demographic to be engaged with that will drive our six key themes:



Distribution information*						
Period end	Ex Dividend	Payment date	A Acc (GBp)	A Inc (GBp)	F Acc (GBp)	F Inc (GBp)
Jun-20	30/06/2020	28/08/2020	0.0000	0.0000	0.3645	0.1479
Dec-20	31/12/2020	26/02/2021	0.0000	0.0000	0.5239	0.4315
Jun-21	30/06/2021	31/08/2021	0.5432	0.0000	0.8949	0.7910
Dec-21	31/12/2021	28/02/2022	0.4518	0.0000	0.6681	0.5872
Jun-22	30/06/2022	31/08/2022	1.6622	0.0000	2.4595	2.1533

Cumulative performance (%)						
	1m	3m	6m	YTD	1y	Since Launch**
VT Downing Global Investors F Acc	-3.64	3.68	-8.29	-15.54	-11.60	47.98
IA Global TR Index	-5.45	1.79	-8.44	-12.97	-8.90	45.18
Quartile Ranking	1	1	3	3	3	2

Discrete performance (%)		
	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021
VT Downing Global Investors F Acc	-11.60	27.10
IA Global TR Index	-8.90	23.20
Quartile Ranking	3	1

* Distributions are subject to change and should not be utilised as a basis for an investment decision.

** 24 March 2020

Please note that past performance is not a reliable indicator of future results.



Fund Manager
Anthony Eaton

Anthony joined Greig Middleton in 1991 and was appointed a director in 1996. He moved to JM Finn & Co in 2001 and became lead manager on the CF JM Finn Global Opportunities Fund in 2005 where he returned a 10.4%* compound annual growth rate through to August 2019 when it was sold to Thornbridge.

He has consistently applied an evolutionary strategy over the past 15 years as the global middle-class phenomenon has gained momentum. His investment process focuses on producing compounding returns, with a view to generating growth over the long-term.

* MI Thornbridge Global Opportunities Fund August 2019 factsheet.



Awarded on 23 September 2022



Anthony's fund is 3 Diamond rated, defaqto 2022



As at 30 August 2021

Investment strategy

We use pattern hunting strategies to identify areas of economic activity attracting capital. We buy equity stakes in businesses that supply the needs and wants of the expanding global middle class population. We seek to invest in the leading companies within any business grouping we identify.

Liquidity

Our top-down conviction primarily leads to larger capitalisation businesses and aims to avoid undue exposure to any single factor. We balance defensive and cyclical stocks and sectors depending on where we are in the business cycle.

Investment objective

The fund aims to achieve capital growth and income over the long term (5+ years) across global markets.

It will invest at least 70% in equities globally with up to 20% invested in higher risk emerging markets.

The fund will invest in any geographic, industry or economic sector on merit and weightings in these will vary with circumstances.

Portfolio summary

As at 30 September 2022

Top 10 holdings

	% of fund
Archer Daniels Midland Co	2.51
Glencore Plc	1.65
Unilever Plc	1.62
Nutrien Ltd	1.41
KEI Industries Ltd	1.35
Quanta Services Inc	1.29
Enphase Energy Inc	1.21
OCI NV	1.17
Albemarle Corp	1.17
Vertex Pharmaceuticals Inc	1.15

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 30 September 2022

Structure

London listed Open Ended Investment Company (OEIC), established as a "UCITS scheme".

Launch date

24 March 2020 at 100.0000p per unit

Fund size

£33.21m (A & F share classes combined)

Share price

Class A 99.9369p (Acc)

Class A 100.0000p (Inc)

Class F 147.9764p (Acc)

Class F 127.3317p (Inc)

Number of company holdings

133

Liquidity

Daily pricing and daily dealing

Sector: IA Global

Minimum initial investment

Class A: £1,000 lump sum

Class F: £1,000,000 lump sum

ISIN & Sedol Codes:

Class A Accumulation: GB00BHNC2499 / BHNC249

Class A Income: GB00BHNC2507 / BHNC250

Class F Accumulation: GB00BHNC1N11 / BHNC1N1

Class F Income: GB00BMQ57900 / BMQ5790

ISA Eligible: Yes

Contact details

Downing LLP, St Magnus House,

3 Lower Thames Street,

London EC3R 6HD

Tel: + 44 (0) 20 7416 7780

Email: customer@downing.co.uk

Authorised Corporate Director

Valu-Trac Investment

Management Ltd

Orton, Moray

IV32 7QE

Tel: +44 (0) 1343 880 217

www.valu-trac.com

Fund charges

Initial charge: 0%

Annual management charge:

Class A: 0.75% per annum

Class F: 0.60% per annum

Ongoing charges*

Class A: 0.96%

Class F: 0.81%

How to apply:

Telephone +44 (0)1343 880 217 or

visit: www.valu-trac.com/administration-services/clients/downing/global

Also on the following platforms:

7IM

Aegon Institutional

Aegon Platform

AJ Bell (Investcentre)

AJ Bell (Youinvest)

Aviva

Canada Life

Embark Platform

Hargreaves Lansdown

Hubwise

Interactive Investor

J Brearley

Pershing

Praemium

Quilter

Standard Life - Elevate

Transact

We are currently working with other platforms so please let us know if yours is not listed above.

* **Please note:** The ongoing charges figure is based on expenses and the net asset value as at 24 June 2022. This figure may vary from year to year. It excludes portfolio transaction costs.

The Investment Manager of the fund has undertaken to absorb any costs that would otherwise cause the fund to have ongoing charges in excess of 1%.

www.downingglobalinvestors.com

Risk warning: Your capital is at risk. Investments into this fund should be held for the long term (+5 years). The value of your investment and income derived from it can fall as well as rise and investors may not get back the full amount invested. Values may be affected by fluctuations in currency exchange rates and may cause the value of your investment to go up and down. In addition, investments in emerging markets or less developed countries may face more political, economic or structural challenges than developed countries and your money is at greater risk. Past performance is not a guide to future returns. Please refer to the latest Full Prospectus and KIID before investing; your attention is drawn to the risk, fees and taxation factors contained therein.

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