

# VT Downing Global Investors Fund



## January 2023 Commentary

A broad rally began in January, broad enough that it might have legs. There were a number of rallies during 2022 that turned out to be false dawns. The common link was that they were all narrow in focus and soon faded. Looking back, perhaps that is now more obvious than at the time. The breadth of this January rally was characterised firstly for being led by the tech sector, and secondly by the appearance of a number of highly cyclical sectors. For example, we experienced simultaneous strength from semiconductor players and music, film, and other platform businesses. This was alongside thoroughly old school building sealant, stone cutting and airport businesses. The appearance of both tech and cyclical industries in relative strength charts at the same time is encouraging to us. The first suggests markets see a top in the interest rate cycle, or if not a top then a slowing in the rate of ascent to a digestible level. The second, corroborated in our view by the strength of employment roles in the western economies, implies both strength and a return of capital expenditure (investing for the future) in the real economy.

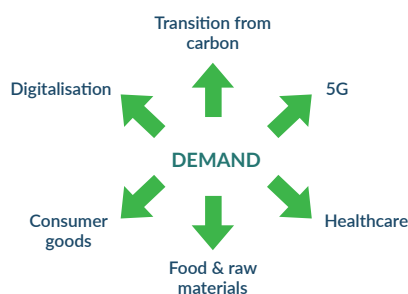
We did not benefit from these early signals in this first January flush as it was offset by declining interest in other sectors. We are aware that we have performed indifferently over the past twelve months and believe the January 'churn' in market mood may mark the end of a dismal relative year after which we lag the opposition by around 5%. To some extent this is the price paid for a thematic investment process when no wider traction exists. It is robust when directional traction is established but, ironically, not robust until general drift finally coalesces around a focus point. In our view, there are strong parallels between the period now and that from the end of 2008 through early 2009. Both are periods of transition. Then from the Global Financial Crisis to near free money. Now from that near free money to normalised cost of money. Once a market has assessed any transition it can progress, but until then wheels spin. If the patterns we think we are seeing become established, and markets can get beyond simply meandering across sectors, then that point in time will have been January.

Over the month, our exposure to tech rose modestly at the expense of further reductions in exposures to old school fossil fuels (as distinct from any other energies). We have a relatively high exposure to Indian markets (our exposure to Adani businesses is tiny) which took a hit in the month following the Adani debacle (there are excellent businesses serving markets of scale in India, but many are premium priced leaving room for volatility). Exposure to medical technology and science rose materially over the month, and the fortunes of that area are closely correlated to the broader tech sector.

*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
Dec-22	31/12/2022	28/02/2023	1.2642	0.0000	1.8728	1.6119

### Cumulative performance (%)

	1m	3m	6m	YTD	1y	Since Launch**
VT Downing Global Investors F Acc	-1.15	-1.67	-1.40	-1.15	-5.50	45.85
IA Global TR Index	4.44	4.63	1.46	4.44	0.05	54.95
Quartile Ranking	4	4	4	4	4	3

### Discrete performance (%)

	31/01/2022 - 31/01/2023	31/01/2021 - 31/01/2022
VT Downing Global Investors F Acc	-5.50	-0.94
IA Global TR Index	0.05	9.41
Quartile Ranking	4	4

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

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

\*\* 24 March 2020



**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 date 1 October 2022



Awarded on 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 31 January 2023

## Top 10 holdings

	% of fund
TotalEnergies SE	1.99
Glencore Plc	1.78
Olam Group Ltd	1.71
Marubeni Corp	1.42
Wilmar International Ltd	1.37
Energia Innovacion y Desarrollo Fotovoltaico SA	1.35
KRBL Ltd	1.30
Archer Daniels Midland Co	1.22
Quanta Services Inc	1.21
Itochu Corp	1.20

Source: Valu-Trac Investment Management Limited.

## Portfolio by sector



## Key facts As at 31 January 2023

### 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

£36.95m (A & F share classes combined)

### Share price

Class A 98.4494p (Acc)

Class A 100.0000p (Inc)

Class F 145.8482p (Acc)

Class F 123.9063p (Inc)

### Number of company holdings

177

### 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

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3 Lower Thames Street,  
London EC3R 6HD

Tel: + 44 (0) 20 7416 7780

Email: [customer@downing.co.uk](mailto: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](http://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](http://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](http://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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