

VT Downing Global Investors Fund



February 2023 Commentary

Markets continue to show little traction and have been capricious in the extreme, but there are signs of an undercurrent. In our experience during February, and showing continuation from January, consumer brands were terrible performers (think Colgate, Nestle and similar), as were all energies, (think producers of oil, solar and wind, although interestingly, not energy logistics). Amongst the stronger areas, which were at last able to overcome the weaker areas, profitable tech and capital goods were standout performers for the fund. The implications here are that markets are seeking risk again, albeit in a most flighty way. In turn, that implies that confidence in the ability to reasonably price the course of interest rates in the needle-moving economies, is itself rising.

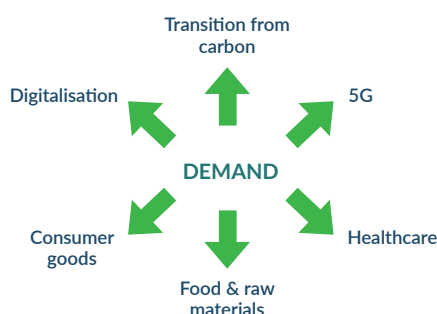
The US Fed, mandated to maintain stable prices, can, by raising interest rates, push down demand but it cannot push up supply. Studies at the San Francisco Fed show that inflationary pressures have multiple origins, but that supply-driven and demand-driven causes account for around 40% each of the total push. In other words, the Fed alone cannot reduce inflation. There needs to be a supply response as well. Markets need to be confident that they can chart the likely trade-off between these two. So not so much the absolute level of interest rates, but the course to it.

Market behaviour in January and February (pricing a combination of rising rate expectations and, in our experience at least, strength in capital goods) suggests that might be happening. A Bloomberg index tracking high-grade US government and corporate bonds rose as much as 4% in January, its best ever start to the year, and then completely reversed that gain in February following much hotter than expected US labour market conditions and a run of better than expected economic data on both sides of the Atlantic. The 30-year US treasury rate now stands at around 3.9%. In our view, if sustained, expanding capital expenditure and rising rates occurring together is a very bullish signal in that it implies the early stages of an upturn. So very messy, noisy markets but also, possibly, more positive.

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	0.80	-2.86	-4.26	-0.37	-3.78	47.01
IA Global TR Index	-0.19	1.25	0.72	4.25	1.83	54.66
Quartile Ranking	2	4	4	4	4	3

Discrete performance (%)		
	28/02/2022 - 28/02/2023	28/02/2021 - 28/02/2022
VT Downing Global Investors F Acc	-3.78	-0.09
IA Global TR Index	1.83	6.83
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 28 February 2023

Top 10 holdings

	% of fund
TotalEnergies SE	1.63
Marubeni Corp	1.50
Energia Innovacion y Desarrollo Fotovoltaico SA	1.44
Quanta Services Inc	1.34
Odfjell SE	1.25
Archer Daniels Midland Co	1.22
Novo Nordisk A/S	1.14
Varun Beverages Ltd	1.12
Sony Corp	1.12
Olam Group Ltd	1.10

Source: Valu-Trac Investment Management Limited.

Portfolio by sector



Key facts As at 28 February 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

£37.17m (A & F share classes combined)

Share price

Class A 99.2229p (Acc)

Class A 100.0000p (Inc)

Class F 147.0111p (Acc)

Class F 124.8943p (Inc)

Number of company holdings

189

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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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: 0.93%

Class F: 0.78%

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	Hubwise
Aegon Institutional	Interactive Investor
Aegon Platform	J Brearley
AJ Bell (Investcentre)	Pershing
AJ Bell (Youinvest)	Praemium
Aviva	Quilter
Canada Life	Standard Life - Elevate
Embark Platform	Transact
Hargreaves Lansdown	

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

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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