

VT Downing Global Investors Fund



November 2022 Commentary

Markets are extremely volatile because underlying conditions are unstable. The key indicator for us is the 30-year US treasury rate (a crude proxy for the cost of money, or the cost of operating the capitalist system) which has come off to around 3.7% at the time of writing. This implies either a slowing economy or an unjamming of supply constraints. It could signify both, but our view is that it is the unjamming of supply chains that is the driver. We don't buy the recession story. Employment levels are historically high in many regions, income levels are rising, recent Black Friday sales globally were record breaking, and yet mortgage rates (in the USA at least) are falling from recent highs as are costs for energies, foods, and materials. These conflicting currents would have been improbable in the old, closed loop economies, but they are happening now. The implication is that inflation levels are the consequence of spiking prices in internationally traded goods and services and are not (and hopefully won't become) the consequence of devaluing fiat money. Key data indicators suggest that global inflation has peaked and that the pace of headline price growth is set to slow in the coming months.

Nevertheless, there is a whiff of 'not enough stuff', or elevated pricing, around for supplies into industrialised economies, and margins at the bottom of the food chain are wider than for some time. Some of this is a legacy of Covid lockdowns. Money was distributed to citizens at the same time as global supply chains gummed up, exposing just-in-time production. Something similar is happening now as governments subsidise energy consumption while there isn't enough energy (for Covid substitute Russia).

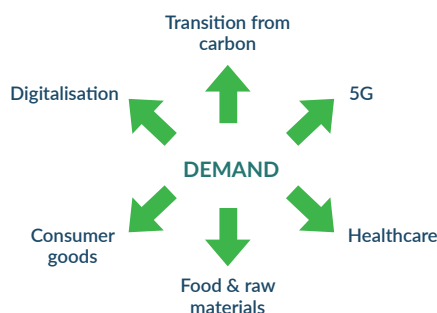
The oil and gas side of the energy sector has arguably been underinvested in recent years, being seen both as a twilight industry (as we transition from fossil fuels) and one of weak pricing. Along comes Russia and suddenly there is neither enough, nor the capacity to move it. Now it seems it is the capacity to move energy that is bottlenecked, rather than the energy itself - so, oil prices fall while gas tanker rates rise. One knock-on effect is that significant fertilizer production comes from the oil and gas sector, as does the means to harvest and ship food to market, and so one driver of higher food prices is higher energy prices! Thus, so many sectors for investors are really interlinked.

Two issues, among others, may sustain this improved margin environment for basic inputs. One is that the US strategic petroleum reserve has been run down to levels last seen in the 1980's in an attempt to lower energy prices. The other is Europe will need to reload its tanks after winter without access to piped product from Russia. It goes almost without saying that these scenarios will help mightily in driving the energy transition, and capital flows into alternative energies look likely to run hard.

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	2.03	-1.45	-2.22	-13.62	-14.89	51.33
IA Global TR Index	2.73	-0.93	0.90	-8.80	-7.55	52.13
Quartile Ranking	3	3	4	3	4	3

Discrete performance (%)			
	30/11/2021 - 30/11/2022	30/11/2020 - 30/11/2021	
VT Downing Global Investors F Acc	-14.89	23.42	
IA Global TR Index	-7.55	18.97	
Quartile Ranking	4	1	

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



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 November 2022

Top 10 holdings

	% of fund
Archer Daniels Midland Co	2.20
Glencore Plc	2.19
Unilever Plc	1.52
TotalEnergies SE	1.51
KRBL Ltd	1.41
Marubeni Corp	1.34
Quanta Services Inc	1.21
KEI Industries Ltd	1.20
Itochu Corp	1.19
Wilmar International Ltd	1.17

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 30 November 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

£36.66m (A & F share classes combined)

Share price

Class A 102.1778p (Acc)

Class A 100.0000p (Inc)

Class F 151.3328p (Acc)

Class F 130.2191p (Inc)

Number of company holdings

149

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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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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