

VT Downing Global Investors Fund



August 2022 Commentary

There are two things that there are not enough of, or at least not enough of at their previously lower prices; energy and food.

Addressing the first: all around the world we are being subsidised to go on consuming EXACTLY what is in shortest supply - gas. That is rather than being motivated by price signals to change our consumption patterns away from what is getting expensive. This compounds shortages and sustains high prices. Daft? Absolutely! But high fossil fuel energy prices dramatically shorten the payback period for installing alternative energy generation on a competitive basis. We believe that these, along with Putin, will be greater and quicker forces for transition than any form of coercion or political fiddling.

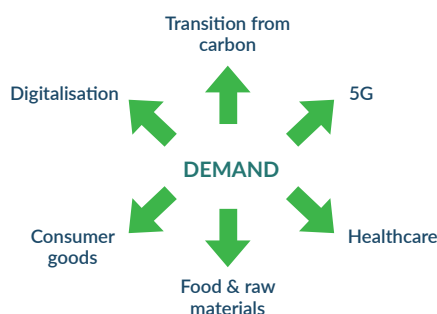
Meanwhile, in addition to the Ukraine war, geo-politics is alive and well elsewhere. America is looking to revive the Iran deal, at least partly motivated by the circa 5% of global oil consumption that restored Iranian supply could represent. That would ease shortages and reduce prices. But Russia doesn't want that, it needs oil money to prosecute its invasion. Saudi Arabia doesn't want it, it needs oil money to pay for its social budgets. Russia is restricting supply of carbon fuels and now Saudi is muttering darkly about restricting supply growth to sustain \$100 dollars as a floor price rather than a ceiling. A duopoly of the short-sighted if ever there was one! Put these scenarios together and our view is that the scene is set for a massive and sustained transition away from fossil fuels driven purely by economics. That creates attractive conditions for the entire energy complex, old and new, and for that reason the fund is well exposed to both.

Turning to food, we are aware of drought in many food growing regions (USA, Europe and China in particular) and war in others (Russia and Ukraine). Both affect the growth of already planted crops and the ability to plant new growth. There is a steadily rising narrative across many areas that farm animals are already chomping into their winter feed, and we have a nagging concern that we humans are doing the same. Even if it pours with rain everywhere from tomorrow, our suspicion is that imbalances between the supply and demand for energies is going to be joined by the same conditions in food markets. For those reasons the fund is well exposed to the agricultural industry in all its forms (seeds and crop protection, cultivation, irrigation) and the logistics and trade of its output.

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	3.81	-0.78	0.50	-12.35	-11.90	53.56
IA Global TR Index	0.63	1.93	1.19	-7.87	-5.48	53.68
Quartile Ranking	1	4	3	4	4	2

Discrete performance (%)		
	31/08/2021 - 31/08/2020	31/08/2022 - 31/08/2021
VT Downing Global Investors F Acc	-11.90	34.79
IA Global TR Index	-5.48	26.45
Quartile Ranking	4	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 22 June 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 31 August 2022

Top 10 holdings

	% of fund
Archer Daniels Midland Co	2.51
Adani Enterprises Ltd	1.48
Nutrien Ltd	1.46
Unilever Plc	1.39
Quanta Services Inc	1.31
Glencore Plc	1.29
Enphase Energy Inc	1.29
KEI Industries Ltd	1.29
TotalEnergies SE	1.25
Thales SA	1.15

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 31 August 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

£34.32m (A & F share classes combined)

Share price

Class A 103.7197p (Acc)

Class A 100.0000p (Inc)

Class F 153.5586p (Acc)

Class F 132.1350p (Inc)

Number of company holdings

135

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

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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/

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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