

VT Downing Global Investors Fund



July 2022 Commentary

One man moved the dial again in July. This time it wasn't Putin but Joe Manchin, who as the single Democrat senator formally against it, has finally backed an ambitious climate package. The Inflation Reduction Act of 2022, now on its way to President Biden's desk, could deliver billions of dollars in tax and other incentives to U.S. solar manufacturers, equipping them with government support on a scale of that China used to corner the market. The Inflation Reduction Act proposes spending \$369 billion to fight climate change by investing in clean energy and reducing greenhouse emissions. "This is a historic climate bill, but it's also one of – if not the – most significant industrial policy bills of this era," said Harry Godfrey, who oversees domestic manufacturing policy for Advanced Energy Economy, a trade group that represents clean tech companies eager to ramp up U.S. production.

Our clean energy exposures within the fund, and particularly those listed in the US, saw a material uplift at the end of the month following this development.

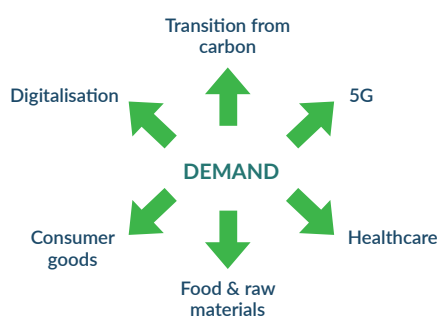
More broadly across markets, it could be that the rise in energy and food costs is doing the job that politicians and central bankers perceive future rate rises are required to do, which is to slow inflationary demand levels. The 30 Year US Treasury Rate (our preferred economic temperature gauge) is currently 3.02%, and having been higher, is now back to where it was three months ago. Many commodity prices are also lower over that period, implying cost spike-driven inflation may be peaking.

Markets are likely to remain febrile for now because Putin is such a huge, malign and unpredictable influence over global supplies of food and energy. However, ironically, he is also likely to be a key driver of two emerging forces for good: decarbonisation (because fossil energy has become more expensive than non-fossil energy) and re-shoring (because global supply chains have been shown to be over-exposed to unreliable origins).

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	-6.92	-4.16	-15.57	-10.95	47.92
IA Global TR Index	7.03	-0.50	-1.43	-8.49	-2.92	52.65
Quartile Ranking	4	4	4	4	4	3

Discrete performance (%)		
	31/07/2021 - 31/07/2020	31/07/2022 - 31/07/2021
VT Downing Global Investors F Acc	-10.95	33.62
IA Global TR Index	-2.92	26.79
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 July 2022

Top 10 holdings

	% of fund
Archer Daniels Midland Co	1.94
Unilever Plc	1.44
Novo Nordisk A/S	1.35
Quanta Services Inc	1.31
Sony Corp	1.29
Nutrien Ltd	1.26
Enphase Energy Inc	1.20
Nintendo Co Ltd	1.20
Thales SA	1.17
Adani Enterprises Ltd	1.16

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 31 July 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

£33.64m (A & F share classes combined)

Share price

Class A 99.9242p (Acc)

Class A 100.0000p (Inc)

Class F 147.9171p (Acc)

Class F 127.2716p (Inc)

Number of company holdings

139

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/

Also on the following platforms:

7IM	Hubwise
Aegon	Interactive Investor
AJ Bell	M&G
Aviva	Nexus Funds Service
Canada Life International	Quilter
Elevate	Raymond James
Embark	Standard Life
FNZ	Transact
Fusion	Zurich
Hargreaves Lansdown	

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

www.downingglobalinvestors.com

* 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%.

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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