

VT Downing Global Investors Fund



August 2023 Commentary

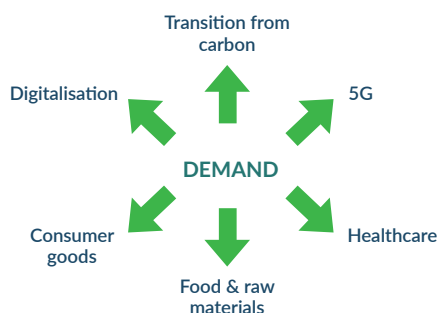
In a salutary reminder of the virtues of diversification, we should tell the tale of what happened with one of our most successful and largest investments in the fund. This Spanish solar and wind energy business saw its share price grow from €1.38 shortly after listing in July 2021, to €28 in April 2023. Progress was almost linear following a run of exciting results heralding rapid progress. There was little suggestion of any problems and we were happy to be involved in this near €2bn market cap business. We were considering a reduction in the size of our holding when suddenly the shares were suspended. They re-listed in August, with the share price down c.85% amidst still unclear accounts and the possibility of fraud. That catastrophic fall caused a hit to the fund's net asset value of less than 1%. That's a shocker, but it would have been so much more of a thump in a concentrated stock conviction list. Is it bad luck? No, we wouldn't claim that. But it demonstrates that even in a well-regulated market like Spain, bad actors can still creep on stage.

Why are we telling this story? One, because ironically, that little horror supports the case for a top-down thematic approach to investment. And two, it disguises the fact (in our view) that although markets overall were down on the month, the under-current feels much improved. There was less volatility in our experience, and a broad selection of businesses globally are reporting good results and guidance. It feels as if markets are getting a handle on the interest rate trajectory, and after a huge de-rating over the past few years since the interest rate cycle turned, the offer of lower valuation multiples and higher dividend yields is likely to begin to attract capital again.

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
Jun-23	30/06/2023	31/08/2023	1.1925	0.0000	1.7671	1.5013

Cumulative performance (%)						
	1m	3m	6m	YTD	1y	Since Launch**
VT Downing Global Investors F Acc	-2.46	-0.94	-2.08	-2.44	-6.26	43.95
IA Global TR Index	-1.58	2.69	2.49	6.84	3.23	58.51
Quartile Ranking	4	4	4	4	4	4

Discrete performance (%)			
	31/08/2022 - 31/08/2023	31/08/2021 - 31/08/2022	
VT Downing Global Investors F Acc	-6.26	-11.90	
IA Global TR Index	3.23	-5.55	
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.



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 and these will vary with circumstances.

Portfolio summary

As at 31 August 2023

Top 10 holdings

	% of fund
Quanta Services Inc	1.94
Varun Beverages Ltd	1.72
Novo Nordisk A/S	1.45
Microsoft Corp	1.41
Toyota Tsusho Corp	1.34
Itochu Corp	1.22
NVIDIA Corp	1.19
Cameco Corp (CAD)	1.16
Marubeni Corp	1.14
Eli Lilly and Co	1.09

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 31 August 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

£31.55m (A & F share classes combined)

Share price

Class A 97.0849p (Acc)

Class A 100.0000p (Inc)

Class F 143.9514p (Acc)

Class F 120.8237p (Inc)

Number of company holdings

174

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: 0.93%

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

* **Please note:** The ongoing charges figure is based on expenses and the net asset value as at 30 December 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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