

VT Downing Global Investors Fund



September 2023 Commentary

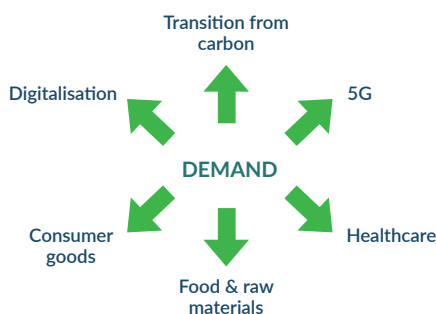
The relentless rise in forward interest rates continues, and the 30-year US Treasury Rate stands at around 4.8%. These are rates, or prices for money, set by markets not central banks, and reflect the economic strength necessary to sustain the demand for (and cost of) money at that level. That is why we are seeing strong results and forward guidance from a broad range of businesses at the same time as flat churning stock markets. The process of adjusting to, or re-rating to, enduringly higher interest rates must conclude before, at that new equilibrium, markets can then price prospects for businesses themselves. That is why markets are so febrile, we believe, and why they remain so tantalisingly interesting. There has been a massive de-rating of the multiples represented by share prices over the past two years as market levels have stagnated while profits have motored. The correspondingly higher yields on offer as dividends have risen, enable many sectors to compete with or exceed cash deposit rates. We believe that a base is being formed for strong stock market performance once the mood music changes.

The catch is that we don't know when that will happen until it is underway. Meanwhile, there is a huge sector rotation as markets globally seek traction. In a bull market, or a market where sentiment is positive, dividend yields are almost a negative in that they imply that a company cannot better deploy its capital than return it to shareholders. When sentiment is sour, as at present, the exact opposite is true and shareholders want some money back rather than deployed. However, that is the reality for now, and when considering investments in any sector at present we are leaning toward the higher dividend payers. Levels of cash generated from investments within the fund from dividend flows are therefore themselves rising. In the bigger picture, if demand levels in the real economy remain sound or expand, and yet companies lean toward returning capital rather than investing it, then future pricing power should strengthen as there is less capacity competition. For these reasons, we believe this prolonged period of flatlining returns is near to its conclusion.

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	-0.94	-2.88	-1.82	-3.35	-3.63	42.61
IA Global TR Index	-1.33	-0.99	1.35	5.45	7.76	56.44
Quartile Ranking	2	4	4	4	4	4

Discrete performance (%)			
	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021
VT Downing Global Investors F Acc	-3.63	-11.60	27.10
IA Global TR Index	7.76	-8.90	23.20
Quartile Ranking	4	3	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 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 and these will vary with circumstances.

Portfolio summary

As at 30 September 2023

Top 10 holdings

	% of fund
Quanta Services Inc	1.84
TotalEnergies SE	1.61
Cameco Corp (CAD)	1.53
Novo Nordisk A/S	1.51
Toyota Tsusho Corp	1.40
Wacker Chemie AG	1.30
Microsoft Corp	1.25
Itochu Corp	1.24
Varun Beverages Ltd	1.20
Marubeni Corp	1.15

Source: Valu-Trac Investment Management Limited.

Portfolio by sector



Key facts As at 30 September 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

£30.98m (A & F share classes combined)

Share price

Class A 96.1655p (Acc)
Class A 100.0000p (Inc)
Class F 142.6050p (Acc)
Class F 119.6937p (Inc)

Number of company holdings

162

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: 0.93%
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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