

VT Downing Global Investors Fund



November 2023 Commentary

November was the month of the fours. The fund rose by just over 4% and the 30-year US treasury rate fell to around 4.5% from more than 5% in October. This demonstrates, in our view, that markets are predominantly driven by interest rates at the moment. They have undergone a huge derating over the past 18 months by near flatlining, while global profits have risen. The 30-year US treasury rate rose from around 1.9% at the end of 2021 to around 5.1% in October - not far short of tripling the cost of 'doing business'!

In that context, markets have not been as bad as they could have been. Why is that? Because rates have been rising in response to rising levels of activity. So markets have derated the value of a unit of profit made at the same time as significantly more profits have been made.

So where next? Anecdotal, we are seeing a subtle change in market dynamics from one where any slight miss in reported results against expectations causes a massive sell-off, to one in which sell-offs are less dramatic. In some cases, reports of a slowdown or a fall in sales can be rewarded with a sharp rise in share prices if there is any hint of better conditions to come. The result of those two behaviours reflects a modestly improved market mindset in our view, and implies that the rerating of asset prices to higher interest rates is a process that is mature.

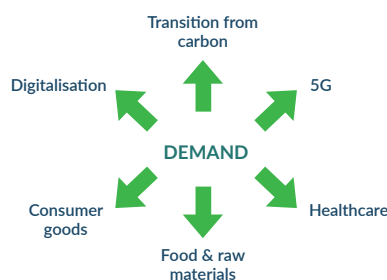
At the same time, we are aware of a number of businesses in mostly consumer-facing areas reporting flagging demand growth, or outright sales declines. That, together with falling inflation figures, implies that short-term interest rate hikes by central bankers have tempered levels of demand and that possibly a mild recession in the major Western economies is already under way. That tallies with falling longer-term rates. We are also aware of a number of capex businesses, particularly in Tech areas, noting or anticipating higher levels of spend (recovery).

All of these signals, if we are interpreting them correctly, taken together, imply markets are beginning to get back to pricing future returns after a prolonged period derating against higher, or perhaps normalising, interest rates. Our exposures reflect these implications. We have a modest exposure to Consumer Goods (mostly through our near 20% weighting to India). We have a more enthusiastic exposure to the broad Technology economy, meaningful exposure to electrification, food, materials, and healthcare, and re-engagement with global property and infrastructure sectors which are arguably more sensitive to interest rates than most others.

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	4.14	-1.14	-2.07	-3.55	-5.96	42.32
IA Global TR Index	5.23	0.16	2.88	7.05	3.97	58.81
Quartile Ranking	4	4	4	4	4	4

Discrete performance (%)			
	30/11/2022 - 30/11/2023	30/11/2021 - 30/11/2022	30/11/2020 - 30/11/2021
VT Downing Global Investors F Acc	-5.96	-14.89	23.42
IA Global TR Index	3.97	-7.18	18.97
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 November 2023

Top 10 holdings

	% of fund
Novo Nordisk A/S	1.87
Cameco Corp (CAD)	1.64
Microsoft Corp	1.52
Eli Lilly and Co	1.40
Varun Beverages Ltd	1.38
Toyota Tsusho Corp	1.17
Itochu Corp	1.13
TotalEnergies SE	1.11
Vivendi SE	1.10
Mckesson Corp	1.09

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 30 November 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

£30.00m (A & F share classes combined)

Share price

Class A 95.9478p (Acc)

Class A 100.0000p (Inc)

Class F 142.3173p (Acc)

Class F 119.4523p (Inc)

Number of company holdings

141

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

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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. The value of your investment is not guaranteed and may go down as well as up and you may not get back the amount invested. Any subscription to the fund should be made on the basis of the relevant product literature available from Downing LLP, or from the ACD, Valu-Trac Investment Management Limited and your attention is drawn to the charges and risk factors contained therein.

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