

**SHINING A LIGHT ON THE.....
VT Downing Global Investors Fund**

AT A GLANCE

Investment Objective	
The investment objective of the Fund is to achieve capital growth and income over the long term (5 + years). The Fund will seek to achieve its objective by investing at least 70% in equities across global markets (with around 20% invested in higher risk emerging markets). The Fund may also invest in government securities, fixed income, collective investment schemes (which may include those managed and/or operated by the ACD and which will provide exposure to various asset classes including equities and fixed income), money market instruments, deposits, cash and near cash.	

Inception Date	24 February 2020
Fund Factsheet Link	https://markets.ft.com/data/funds/tearsheet/summary?s=GB00BHNC2507:GBP

Management	
Manager Name	Start Date
Anthony Eaton	31 March 2020

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 10 Holdings		
Total number of holdings	-	
Assets in Top 10 Holdings	8.81%	
Name	Sector	% of Assets
Wilmar International Ltd	-	1.12%
Shopify Inc	-	1.03%
PT Indofood Sukses Makmur Tbk	-	0.95%
Reckitt Benckiser Group PLC	-	0.93%
DocuSign Inc	-	0.83%
Naspers Ltd Class N	-	0.82%
Top Glove Corp Bhd	-	0.80%
Lonza Group Ltd	-	0.79%
Grifols SA A	-	0.77%
Parkway Life Real Estate Investment Trust	-	0.77%

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FUND PERFORMANCE

Performance 1 January 2014 to 31 August 2019 (when Anthony left):

	2014	2015	2016	2017	2018	2019
MI Thornbridge Global Opportunities Fund	3.54%	2.20%	19.40%	22.26%	-9.56%	20.00%
MSCI World	9.33%	2.89%	25.62%	9.72%	-4.87%	18.71%

Performance over 1 year, 3 years, 5 years and since launch up to 31 August 2019:

	1 year	3 years	5 years	Since launch
MI Thornbridge Global Opportunities Fund	3.01%	34.70%	66.57%	345.93%
MSCI World	4.91%	33.75%	66.77%	201.46%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

This update has been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

This fund was launched on the 31 March 2020. The performance shown is that of the Thornbridge Global Opportunities which Anthony ran from launch in 2004 until the end of August 2019, when the sale of the fund to Thornbridge was completed.

We have always liked the concept of the fund and since launch the fund has significantly outperformed the index. However, in the last few years the performance seems to have struggled somewhat. To provide some background the fund was originally set up with JM Finn. It was then sold to Thornbridge under a five-year deal. That deal has ended, and Anthony left and set up the same fund with Downing. There is still a connection with JM Finn, but it will be a pure Downing product in two years' time, and Anthony sees this as a ten-year project.

One of concerns when we first met Anthony was the number of holdings, which was 200. This new strategy has 150 holdings and it is important to understand this and how this makes the fund different. This is an asset allocation model. The theory is that markets are surprisingly good at telling us what we should like, and what we should not. What Antony is doing is looking for clusters. So, for example, if airports come up then he wants to buy the best of them. Once he has identified the best of the best, at that stage, they do the bottom up analysis. And from that he builds his group of holdings.

Over time, some holdings may come out as others dominate their sectors. Another example would be online retail where Amazon dominates in the West but does not in areas like Asia, China, Russia and Latin America. It is therefore key to get the best from around the world.

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On the flip side, they use the same process on the way out so if the market flags that areas are losing momentum then they will come out. So, for example, if the market flags opportunities in online retail are declining then this would be a reason to reduce holdings in this area. His argument is that by adopting this approach you remain distant and detached from companies which is important within this environment.

Taking a step back the overall mantra is to view the world as a single global economy and focus on the emerging global middle class. This is expected to grow by around 200 million people per annum over the next ten years. This new group will want things like beauty products, brands and to travel. So, the fund is about tapping into the needs and wants of the global middle class.

There is an argument that much of this growth is centred in Asia but in terms of where they invest it is about the companies that supply those needs and wants. They can be based in Emerging or Developed Markets. In terms of companies they are looking for quality and therefore those companies with low levels of debt, are leaders and have sales growth.

In terms of recent market events Anthony explained that the advantage of setting up a new fund in this crisis is that you do not need to change anything. The virus has accelerated change. He is also in the camp of a super bull cycle. Coming into 2020 the global economy was growing at a rapid rate without any inflationary pressures. Effectively what has happened is that the sudden stop has moved the “train of momentum” back to 2015, but this time around there is more money in the system. Although there will be job losses there will be still those who have jobs and will want to spend. It will take time, but this is an exciting time and this bull market will re-start and the fund is well positioned to benefit.

In summary, where this is different is to effectively look at the world as one big economy and then tap into the growth drivers by selecting several companies that deliver that. Rather than starting with bottom analysis, this comes in only when the different buckets have been developed. This is also a play on the rising middle class but it is global strategy so taps into companies from across the globe. My concern is less on the number of holdings but more to do with recent performance and this might have been to do with what was clearly an unhappy marriage with Thornbridge, although it seems that it is more likely to do with the focus on Asia consumer over the last five years at a time when the US has significantly outperformed. Anthony is clearly happy at Downing and it seems to be a perfect fit. We would therefore want to see how this plays out over the next 12 to 24 months.

The source of information in this note has been provided by Downing and is correct as at May 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.