

**SHINING A LIGHT ON THE.....
VT Downing Investors Funds ICVC –
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 th February 2020
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000014UQP

Management	
Manager Name	Start Date
Anthony Eaton	24 th February 2020

FUND PERFORMANCE

Performance from 24th February 2020 to 31st January 2021:

	2020	2021
VT Downing Global Investors Fund	52.35%	2.26%
FTSE World ex UK	9.60%	-1.31%

Performance since launch:

	Since Launch
VY Downing Global Investors Fund	55.80%
FTSE World ex UK	8.17%

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.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	86.01	-	-	-	-	-	Growth/Large

Volatility Measurements

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3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

Investment Style Details	
Giant	19.26%
Large	30.82%
Medium	30.78%
Small	11.86%
Micro	6.57%

Top 5 Holdings – 199 Equity Holdings		
Plug Power Inc	Industrials	1.27%
Switchback Energy Acquisition Co...	Financial Services	1.22%
Ivanhoe Mines Ltd A	Basic Materials	1.01%
Albemarle Corp	Basic Materials	1.01%
Daqo New Energy Corp ADR	Technology	1.00%

Top 5 Sectors	
Technology	26.66%
Industrials	16.19%
Healthcare	15.32%
Basic Materials	9.69%
Consumer Cyclical	8.49%

Top 5 Regions	
United States	40.80%
United Kingdom	8.87%
Japan	8.45%
China	6.31%
Switzerland	5.37%

UPDATE....

This is an interesting fund and one that investors will either love or hate. Typically, when we look at fund managers, we look for high conviction holdings of perhaps 25 to 50 holdings. This is a conviction fund but has nearly 200 holdings and therefore it feels more like a passive fund, although the active share class is 86% which is really high. Where this is different is that it looks to follow trends by deferring to the greater wisdom of markets. This means that there is no big bet in one area or stock.

Much of this is about understanding the manager and the mindset. He looks at the global economy and sees a big re-set because of COVID, and that we are in a period of prolonged expansion. There are four areas for investors to consider; these are money supply, material, labour and productivity. Productivity is something missed by many as digitalisation has increased this. All of this supports the prolonged expansion.

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Lots of themes have been accelerated by COVID – healthcare and technology are now very much interlinked, and we must see the world globally. This fund is about signals and has exposure across technology, healthcare, brands, and commodities. He understands that to prosper you need to understand what the consumer wants. Oil is an example which was in demand 3 to 4 years ago and has quickly changed, and therefore there is no exposure.

It is important to watch where capital is going. With Bitcoin and Blockchain being an example but rather than investing in this directly it is better to invest in the enablers. The fund has exposure to this theme via a German Listed Data Warehouse Business.

Anthony consistently goes back to the importance of investing in picks and shovels. So, for example, as the economy opens, rather than investing in restaurants and hotels it is better to invest in things like food texture businesses who are the suppliers. Equally as consumers move away from eating meat, rather than buying the brands it is better to buy the suppliers to all the businesses.

The growth of the middle class is another area to watch, and China is a vast and expanding marketplace. China is heavily invested in wind and solar and healthcare and therefore it is how you can get exposure to that opportunity set. It is also being opened minded to businesses. An example would be a French Ports and Logistics Company that has evolved overtime to include battery production and music; all areas that will benefit from a shift in consumer habits.

Although the fund is driven by the markets, it is also showing where bubbles are appearing or things are changing, and this leads to a movement out of areas as things change. For example, wind and solar are expensive and there could be a bubble building in some areas.

In summary, it is hard to sum up this fund. This is different not only due to the size of its holdings but also due to the management style. Nothing is fixed. It is about following trends but not necessarily chasing the disruptors but more the enablers. Investors will see the fund evolve over time as things change. An example being having no oil exposure but the rise in demand for other commodities. Commodities are needed for EV production and therefore play into that growing theme towards decarbonisation. The fund has had a strong start and certainly this is a fund to watch. Whether the momentum behind the exceptional performance can continue is one to debate.

The source of information in this note has been provided by Downing and is correct as at February 2021. 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.