

**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.

<b>Inception Date</b>	24 <sup>th</sup> February 2020
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000014UQP">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000014UQP</a>

Management	
<b>Manager Name</b>	<b>Start Date</b>
Anthony Eaton	24 <sup>th</sup> February 2020

**FUND PERFORMANCE**

Performance from 24<sup>th</sup> February 2020 to 31<sup>st</sup> August 2021:

	2020	2021
VT Downing Global Investors Fund	52.35%	14.41%
FTSE World ex UK	9.60%	16.87%

Performance since launch:

	Since Launch
VT Downing Global Investors Fund	74.31%
FTSE World ex UK	28.09%

*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
-	83.67	-	-	-	-	-	Growth/Large

Volatility Measurements
-------------------------

## LWM Consultants Ltd

<b>3-Yr Std Dev (volatility)</b>	-
<b>3-Yr Mean Return (average)</b>	-

Investment Style Details	
Giant	19.11%
Large	33.13%
Medium	34.31%
Small	10.12%
Micro	2.15%

Top 5 Holdings – 219 Equity Holdings		
Ivanhoe Mines Ltd A	Basic Materials	1.29%
SITC International Holdings Co Ltd	Industrials	1.22%
Bollore SA	Communication Services	1.05%
Alphamin Resources Corp	Basic Materials	0.83%
ITOCHU Corp	Industrials	0.82%

Top 5 Sectors	
Industrials	22.90%
Technology	20.70%
Healthcare	16.73%
Basic Materials	13.64%
Consumer Cyclical	7.59%

Top 5 Regions	
United States	35.95%
Europe ex Euro	18.57%
Eurozone	17.58%
Asia – Emerging	7.90%
United Kingdom	7.33%

### UPDATE....

We have met the manager a couple of times and each time we come away wondering where this sits. Everything feels wrong. It has over 200 stocks and yet is seen as high conviction. With that level of holdings it should really track the index, and yet it outperforms and has over 80% active share so is very different to the index.

Understanding where this fund sits is really important as to why someone might hold it. Many funds take the approach that the manager is good enough to select a stock and build a winning portfolio from this. Often when we blend strategies we blend different managers and there is nothing wrong with this, but in the global space it feels right to approach this differently.

This works from a single top-down conviction and focuses on what is gathering traction outside of the west. Everything about populating the portfolio feeds from that conviction. His argument is that the west makes up 1 billion people and the rest of the world 5 billion, and that is where the greatest opportunities lie. It is in this area that you will see the growth in the rising middle class, and it is how you feed that growth.

## LWM Consultants Ltd

---

This is not about looking at a sector or country but about looking at patterns. If a factory is being built whether in Asia, Europe or North America, why is this happening? Where is the money flowing? As an example, the fund does not currently invest in oil and gas because money is not flowing into these areas.

A good example of where the fund might invest is electric vehicles, where it might hold Tesla and VW, but more likely to hold the picks and shovels. By this he means the battery technology and common elements involved in this. Another example was the discovery of a business which supply machines that cut and shape metal, this led to a connection with turbine blades and then into wind power.

Rather than trying to select the best business the idea is to hold the top businesses within a particular area. He doesn't like businesses with lots of debt and they need to be profitable, but otherwise it is about following the money and looking for market signals. With the index it tends to engage with yesterday's winners, whereas what they are investing in tends to enter the index after they have come out.

Trying to drill down into themes is difficult because they change, but they include areas like healthcare, preventative medicine, electrification, and decarbonisation. Another example of moving around is charging points for electric vehicles which they held last year but have now moved out to components involved with the development of charging points.

We talked about the risk of being in too late or getting out too late. This is a risk, but he has been following the approach since 2005 and the spread and diversification really reduces that potential risk. He feels there is greater risk where the manager is selecting stocks.

In summary, this feels more like a fund which could be blended with a bottom-up strategy. So, for example there might be a good blend with Baillie Gifford where the manager has strong conviction in the stocks and a single theme. This takes more of top-down view of the world and populates where they see the money going. It also means that there is no bias to a particular style. For us, we continue to hold them on our watch list and understanding how it blends makes it a more interesting strategy.

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