



VT Tyndall North American Fund

December Review

The last month of the year was dominated by bitcoin mania. Bitcoin has been in the zeitgeist for a good while now but it has suddenly got everyone obsessed since the price started rocketing. At the end of September the price was \$4,155 and it hit its high to date of \$19,511 in the middle of December. I've outlined my thoughts on Bitcoin in a separate document available on the website, the conclusion of which is that whilst Bitcoin is hard to invest in as its future is just too unclear, the underlying Blockchain technology is here to stay.

However, the mystery to me is why the all-time highs that the US stock market keeps on making is kept off the newswires by Bitcoin. Forget Bitcoin, who needs that volatility! Much better, in my view, to invest in the tech winners of today, with proven business models, rapid revenue growth and fortress balance sheets than try to divine which cryptocurrency will win the day.

Market Outlook

The US continues to stand out amongst its DM peers as a very attractive place to invest. We remain long growth and particularly like tech, consumer discretionary, financials and industrials. The strength of the US economy has surprised many bearish commentators in 2017 and I believe that will continue in 2018. GDP has been on a growth rate of north of 3% (qoq) for three consecutive quarters now and with the effects of tax reform yet to come, 2018 could be another great year for the economy and the stock market.

Despite the recent rise in the oil price, inflation has been subdued which has boosted consumer spending. We may be in a sustained period of low inflation which is an environment that equities typically perform well in, as real growth can increase equity values dramatically, as we saw in parts of the 1980s and 1990s.

We shall remain data dependent however. We will soon start to lap some good numbers from 2017 and this might produce a short term buying opportunity around the end of Q1. Our key investment themes remain in place though, and we remain confident in another good year for US stocks.

Felix Wintle
9 January 2018

Stat of the Month

The US is the only major economy which is not being propped up by QE or Central Bank policy.