



## VT Tyndall North American Fund

### June Review

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We made one or two changes in June, selling some of our defence exposure, Raytheon and L3 Technologies and adding to Moody's, Humana and Grubhub, although the overall asset allocation has remained broadly the same. We had a great start to the month performance wise, with several of our tech and consumer stocks moving up quite a bit. The stand-out was Twitter, which rose 25% in June, and through a revamp of its business model, is finally monetising its unique and valuable platform. The second half of the month, we gave much of that performance back unfortunately, finishing the month in line with the S&P 500. The financials sector was weak but the biggest drag on performance was Wynn Resorts, which reported weaker than expected numbers in Macao; it fell just over 14%. The weakness in China is interesting as it relates to its own stock market and the prospects for Emerging Markets as a whole.

### Market Outlook

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It is interesting to note what has happened to global markets, both year to date and in June particularly. China is -15.7% ytd and -8% in June alone. Europe continues to be weak and Emerging Market currencies have been collapsing. The US remains the best economy globally, and as global growth continues to slow, a strengthening dollar is now also the most probable outcome. This is all good news for UK based investors. However, not all sectors are performing, and this is why an active approach is so important at this time. It is notable that the industrials sector is very weak, a sector with direct exposure to the global economy. Financials are also acting badly, particularly the large cap multinationals, again pointing to the deteriorating environment at the global level. Our focus remains domestic and multi cap, and on sticking with our secular themes that we believe can continue to perform despite the weakening global picture.

*Felix Wintle*  
*4 July 2018*

As global growth slows and volatility increases, the US Dollar becomes the safe-haven asset and rises