



## VT Tyndall North American Fund

### March Review

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The volatility that arrived in February has continued into March and whilst the market bounced from the lows we saw in February, the S&P 500 has gone back and tested those lows. The market is now down by over 9% since the January highs. Fear of trade wars has been top of the agenda, with tariffs being announced, and then a significant sell off in the tech space, with Facebook leading the downward trail as it came under fire for data breaches. Facebook had been one of our larger holdings, but I'm pleased to say we had been selling it down during February, so when the negative news hit, the stock was just a 1.5% weighting and so did not affect the fund too badly.

Despite the recent volatility, we have not made any big changes to the portfolio, and are at the time of writing just over 4% ahead of the S&P 500 year to date.

### Market Outlook

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The US remains the best market from a growth perspective in the world in our view. China, Japan and the Emerging Markets are slowing and Europe looks also to be tapped in growth terms and also has political issues to deal with. The relative performance of the US v these regions is stark, with the US outperforming all regions year to date. But will this continue?

We believe it will; although this year is clearly going to be more volatile than last year. There are issues for the US to contend with too; the ongoing trade battle is likely to attract headlines but won't necessarily destabilise markets too much. The earnings comparisons get tougher for the rest of 2018, which may slow the onward march of the big averages and will emphasise the importance of stock picking. The electoral cycle may also play a part, as we have the Mid Terms coming up later in the year. This has often led to some weakness over the summer months as markets grapple with unpopular incumbents and their unpopular measures. However, the stand out policy of the Trump administration has been tax reform, which benefits the many and not the few, and maybe this will protect him from too big a fallout in these elections. It's important however not to worry too much about the politicians and their antics, there's always something crazy going on, much better to focus on the fundamentals of the companies we own, and the future remains very bright on that front.

*Felix Wintle*

*29 March 2018*

The Elephant in the Room: European Bond Yields are crashing, as growth on the continent craters

