



VT Tyndall North American Fund

May Review

The fund performed well in May, outperforming the S&P 500 during the month by over 400bps on both the hedged and unhedged shares classes. Part of the reason for this was our purchases of two stocks which had been beaten down recently but we believe are due for a major recovery. The stocks are Under Armour and Chipotle Mexican Grill. Under Armour has been a classic case of over expansion and is now aggressively reducing its manufacturing footprint and refocusing on product. The CEO is back at the helm and is directing strategy and we think it still has some way to go. The stock has risen over 30% since we bought it. Chipotle is also turning around, with a new management team and a new strategy to reinvigorate this brand which had lost its way, this stock is up over 11% since we bought it. Our overweights in Tech and Consumer Discretionary have continued to work well and we're finding plenty of good ideas in the mid cap space; it's not all about FANG, despite all the attention they get from the financial press.

Market Outlook

The market outlook remains positive, despite all the macro noise that dominates the front pages. Trump's disruptive and unpredictable behaviour with the G7, Iran, China, Russia and North Korea has had very little real affect on stock prices and I expect this to remain the case. All that has actually happened is the market has corrected from a very overbought peak in January, and is consolidating. However, under the surface there is lots going on. The dispersion of returns is still stark with a delta of 2100 bps between the best sector (Tech) and the worst sector (Staples) year to date. Dollar strength has been a feature of the market this past month and this has further highlighted the relative attractiveness of the US market.

We continue to view technology as the most exciting sector to invest in. Whilst companies from all sectors have been talking about their digital strategies for a couple of years, now is the time that they are actually being implemented; ie: we are still in the early stages of a long bull market in technology, the implications of which are profound for investors. I've just returned from a conference in New York, where all that companies are talking about is how data, cloud computing and customer facing software is transforming their business. This is the bedrock upon which much of the growth in corporate earnings will come from and US companies are best placed to benefit from it.

Felix Wintle

12 June 2018

'This is the best market for selling to banks since 2006'

Fintech CEO at the RW Baird Investment Conference, 5 June 2018

