

VT Tyndall North American Fund

November Review

The markets have continued to be volatile. On an intra month basis the S&P 500 was down 6.4% at its lowest point only to rally 6% into the end of the month. We have not seen volatility like this since the February/March period of 2018 and pre that not since 2015-2016. Heightened volatility tends to portend tougher markets and despite the positive narrative surrounding FED slowing their rate rise trajectory and a 'trade truce' with China, stocks are not following through on up days.

The F Acc share class was up 1.1% for the month and the index was +1.7% in sterling terms. The main contributors to performance were to be found in the Healthcare and Utilities sectors. The detractors to performance were in Consumer Discretionary and Tech, particularly Apple. We added to our positions in Utilities and Staples and further reduced our weighting in tech. One of the biggest stories of the month was the continued collapse in the oil price, which is -34% from its recent high in early October. We are still zero weighted in the energy sector and this benefitted the fund over the period.

Market Outlook

As we look forward, we continue to believe that discretion is the better part of valour, and a defensive positioning is still the right way to be. It is noticeable that although the tariff negotiations garner all the headlines, these are not determining market direction. Trump has initiated 'tariff wars' with Canada, the EU, Mexico and China, he has also resolved those issues with 3 out of the 4, and perhaps with China to come next. But none of those markets that he has made his peace with have performed well, indeed Mexico is down around 20% since NAFTA was redrafted in late August. Markets move in line with the cycle and the cycle is continuing to slow, which is why we remain defensive and underweight technology in particular, which is a non-consensus positioning for both US and Global funds.

Felix Wintle 4 December 2018

It's the cycle that counts not Trump's tweets and tariffs