



## VT Tyndall North American Fund

### September Review

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After a good month in August, the portfolio gave back some of the performance in September. The F Acc shares were down 2.8% for the month vs the S&P 500 which was up 0.2% in sterling terms. The weakness mainly came from our small and mid-cap names which have sold off alongside the Russell 2000 Index which was -2.5% for the month. Chegg and New Relic were two of our worst performers, but this was mainly due to these stocks consolidating recent strong moves higher. As we have been noting over the last couple of months, growth in the US is likely to slow in Q4 as the base effects take hold and comps become much tougher.

With this in mind we are minded to dial down the portfolio's beta and introduce a more defensive asset allocation in the tactical part of the portfolio. We have added two Utilities, NextEra and NiSource, a storage REIT and some defensive stocks in the Healthcare and the Staples sectors; Walmart and Abbott Labs being two examples. We are now overweight Healthcare and Staples.

### Market Outlook

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There is no denying that the US economy is running hot and is outperforming the rest of the world, but a lot has been priced in at this level and it is my belief that, as growth slows cyclically, there is likely to be some sector rotation. We are looking for exposure in lower beta areas of the market and as well as companies that have been overlooked by investors, whilst remaining long of our long-term secular themes in the core part of the portfolio. One such core theme is the video game publishers, which rallied nicely in September, and we look forward to the launch of the new games later in October. As is evidenced by the huge bid for Sky, entertainment channels and new media consumption continue to be a big theme and these companies are well placed to capitalise.

*Felix Wintle 4 October 2018*

The US accounted for 88% of MSCI World Index's +5.1% move in Q3