



## February Review

The fund returned -3.35% vs the S&P 500 ETF return of -8.31% in sterling terms in February. The month will go down in history for what happened in the last week, making it the worst week performance wise since the Global Financial Crisis. It has also been the quickest 10% drop ever in the S&P 500. The portfolio managed to weather the storm quite well relative to the Index, as most of our core holdings fell less than the S&P 500 and some of tactical plays performed well. We had several names which delivered positive performance in February, including Steris +5.26%, SBA Communications + 6.22% and Nvidia +14.23%. Our stand-out performer in the month however was a small Biotech holding called BioXcel Therapeutics, which rose 126.31%.

BioXcel is a recent IPO that is using Artificial Intelligence to drive its drug discovery platform. Its AI engine analyses all known written medical research on a disease area and then cross references it with published results from clinical trials. This automated approach matches up potential new drugs with existing conditions in a way that no human could, as it requires fast and accurate analysis of huge amounts of data. Whilst some fear the power of AI, this is a good example of its promise, delivering analytical results that we could never have attained before. The company has several drugs in the pipeline, its most advanced being BXCL 501 for agitation in bipolar patients, and we look forward to the Summer when it goes to the FDA for approval. It is also being studied in opioid withdrawal and this could expand its total addressable market significantly.

## Market Outlook

The corona virus will dominate markets for the foreseeable future unfortunately. The tactical part of the portfolio has exposure to defensive bond proxies and this should protect against some of the downside. However we do note that at times like these stocks tend to be sold indiscriminately and this often throws up really compelling opportunities to buy stocks which have been thrown out with the proverbial bath water. We are always on the look out for opportunities like these, particularly adding to core positions that we are confident won't be overly disadvantaged by short-term phenomena like the corona virus. Markets are now pricing in rate cuts which may offer some good support for markets in the near term.

*Felix Wintle 2 March 2020*