

June Review

The fund returned 6.62% in June vs the S&P 500 ETF return of 1.34%, in sterling terms. The fund benefitted from exposure to growth sectors and stocks, some of which performed well in the month. We continue to favour companies whose businesses have seen many years' progress happen in a few short months; Zoom video being one such example. This now ubiquitous technology has a very bright future ahead of it in our view and the stock was up over 41% in June. Other top performers for the fund included Microsoft +11%, our biggest weighting, but also Docusign and Cloudflare which were both up around 23% in the month.

The S&P 500 was up 20% in dollar terms in the second quarter, making it one of the best quarterly returns ever, and the best since 1998. The market continues to be led by Technology, Healthcare and Discretionary stocks, and this is where our focus lies. Although we do own one or two of the mega caps we have made a concerted effort to look beyond these names and find opportunities further down the market cap spectrum, and try to find tomorrow's winning stocks. This has led us to some of the names which have performed well this month and last, and we hope to see that continue.

Market Outlook

The outlook for the stock market is still favourable. Granted, we have had a huge bounce from the lows and much of the economic data remains worrying, but stocks are behaving well.

The Federal Reserve stimulus is playing its part in boosting the market and we have identified some interesting signs of inflation picking up. We are continuing to monitor the situation closely and may look to add some cyclicity to the portfolio if the inflation theme gathers more steam. It's safe to say that many market participants have written off inflation as a factor, particularly given how low bond yields have fallen, and a spike in inflation would catch many off guard. The ETF flows this year have been hugely skewed

towards bonds, showing perhaps that complacency has set in as it relates to bonds and inflation.

We remain bullish US equities and continues to see many great investment opportunities in this diverse and dynamic market.

Felix Wintle, Fund Manager, VT Tyndall North American Fund, 30 June 2020