

August Review

The fund returned 3.61% in August vs the S&P 500 ETF return of 5.37%, in sterling terms. Some of our stocks that had been performing well recently took a breather in August as investors focused on better than expected economic data as well as continued good news on the virus front. This meant better performance from the companies that benefit from the re-opening of the economy. Some of the Cruiseline and Casino stocks performed particularly well in August and this is not where the fund is positioned.

Our best performer in the month was Zoom Video which rallied 28% in the month. This was a stock that we had added to earlier in the month and continues to perform well. Other top performers included Nvidia, Apple and Freeport McMoran. We added Freeport McMoran to the fund as a new stock and it has been performing quite well. It is one of the largest copper and gold miners in the world. Copper, and commodities more broadly, have been performing well in recent months and this is a good way for us to gain exposure to this theme. We have also added to our Industrials portfolio, adding Fedex, which is also a new stock to the fund, which should also benefit from an improving economic backdrop.

Market Outlook

The outlook remains positive for US equities and it is notable that participation is broadening out. Apple hit the £2tr market cap this month, but Tech is not the only story out there. We continue to see that sectors like Materials and Industrials improve and we are increasing our exposure to these sectors.

Our macro research has been highlighting that inflation is likely to make a comeback going forward and while we have not seen much of a response from the bond market yet, this inflationary bias is being reflected in the commodity and materials sectors.

Felix Wintle, Fund Manager, VT Tyndall North American Fund, 31 August 2020

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Monthly Commentary 31 August 2020

