

# VT Tyndall Global Select Fund

Vaccine Success - First Thoughts 9<sup>th</sup> November 2020

## The light at the end of a very long tunnel?

While those of us in the United Kingdom (and many other readers in Europe) settle down to their second lockdown of the year where to-date good news has been hard to come by, today's release by Pfizer and BioNTech is very welcome.

Stocks are rallying hard on the news that their COVID-19 trial has reached 90% efficacy, well ahead of the 50% that the regulating authorities has placed as a benchmark for approval. While there have been many false dawns surrounding drug developments this year, this efficacy is a game changer. For those companies that have seen their revenues and margins demolished by lockdowns and subdued consumer confidence, a solution to allow economies to open up in a safe manner is the tonic to go with their gin.

We have seen a significant rally since the lows of March in many names, but some previous stalwarts have been left behind, especially those that faced secondary threats, such as UK plc, with no solution to Brexit forthcoming to date. Companies such as Diageo and RELX are two such examples, still trading well below their previous highs, despite their moves today.

Markets hate uncertainty and we believe that a line in the sand has been drawn underneath equity markets today. As further trial results from AstraZeneca/Oxford, Moderna, and Novavax release their phase 3 results in the next month, investors and markets are likely to continue to rally as confidence in a post COVID world emerges. Although the ramp up will take time markets are unlikely to wait for global immunity, however, with J&J, GSK and Merck also due to release data in 2021, the roll-out of potential vaccines by mid-2021 will supply will come on stream quickly.

Many of the 'stay at home' names will, and are experiencing a correction today on this news, however, we caution against totally switching ones exposure, as companies and individuals have adapted to new ways of working and consuming and are likely to remain using the product and services that they have become accustomed to. The ease of fulfilling one's needs in an online manner has not changed, and companies such as Amazon and PayPal have the ability to increase their margins significantly if they desire by dialing back their capex plans.

As the Pfizer senior vice president for vaccine clinical research and development said today: ***This is about the best the news could possibly be for the world and for the United States and for public health'***

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