

## April Review

The Fund's F Acc share class returned 4.69% in April, compared to the S&P 500 ETF return of 4.65% in sterling terms.

April has been an important month for investors as much of the economic and market data reported in the month laps the trough of the Covid Crash. This has meant that some numbers have shown acceleration rates that are once in a lifetime numbers. But there is more to the economic progress made than extreme bounce back. The economy is on a strong footing as shown by cycle- low unemployment, and consumers with strong balance sheets. Retail sales have been very strong as have PMI numbers and this has all added up to strong markets this month and for 2021 so far. In fact, there were 9 new all-time highs in the S&P 500 index in April.

Best contributors to the fund last month were to be found across several different sectors. Capital One and Discover Financial both led the winners in the Financial Sector while Freshpet (online organic pet food) and Boyd Gaming (casinos and entertainment) were our best names in the Consumer Discretionary sector. Freeport McMoran in Materials also performed well as did our Energy names which had corrected during March but started to perform better again in April. Detractors to performance included MP Materials and Sunopta both of which have had a period of weakness near term.

There was not much activity in the portfolio during the month. We believe the most appropriate positioning remains in cyclicals and in sectors that benefit from inflation and that is how we remain positioned. We expect investors will continue to focus on the accelerating levels of inflation and expect bond yield to rise, the dollar to fall and equities to continue to perform well. Although, as always, selectivity is key and we continue to shun the mega cap growth stocks, many of which have continued to move sideways, and in doing so underperform the market, despite reporting very strong numbers. It is interesting too that as the regulatory heat begins to make its presence felt, some CEOs are stepping down, most notably Jeff Bezos of Amazon.

## Market Outlook

President Biden has been active in his first 100 days in office and has already achieved a lot. By most measures he has been one of the most successful presidents ever in terms of his popularity rating, what he has managed to get through Congress and on what the stock market has done during those first 100 days. We will get more detail on his tax plans soon and whilst there will be an increase on the tax burden, this is unlikely to concern markets in anything but the shortest term. Market direction is not determined by tax policy and unless

it is very punitive, which the Republicans will never accept, it should get through in a meaningful but manageable way.

President Biden has committed to spending many trillions of dollars on Infrastructure as well as other priorities like Green Energy and this bodes well for certain sectors of the market, particularly the Industrials sector and this is where we are finding plenty of exciting investment opportunities.

**Felix Wintle, Fund Manager, VT Tyndall North American Fund, 30 April 2021**

Data source: Bloomberg

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