February Review

The Fund's F Acc share class units returned 0.46% vs the S&P 500 Index ETF return of -2.3%, in sterling terms.

The invasion of Ukraine by Russia has been the focus of the world in February and has brought with it a great deal of uncertainty. Aside from the terrible human cost, this invasion can be seen as an exogenous geo-political event and has brought a great deal of volatility to the world's asset markets. It also coincides with a tougher stretch for US and European markets as growth slows against the impossible comparisons of 2021 and so the pinch on risk appetite is much keener and this has been expressed in weak stock markets across the globe.

We increased our weighting to defensive sectors in the month, and Consumer Staples is now our biggest weighting in the fund, followed by Healthcare. We also increased our Energy and Materials weightings as these sectors continue to perform well. We have already reduced our Tech and Discretionary weightings and, as at the end of February, only own one tech stock. This puts us very much apart from the peer group which still is very overweight Tech. I believe more pain is coming for the sector over the near term and we want to avoid it for now. We are similarly cautious about the Consumer Discretionary sector where the sales and earnings comparisons are at their steepest in March and April due to the stimulus cheques that were sent out 12 months ago.

Market Outlook

The Fed Meeting (15-16 March) is now crucial. The market had priced in 6.5 rate hikes in 2022, as evidenced by the rampant 2 year bond yield, the market's reflection of Fed activity on rates. In recent days this has dropped to 4.5 hikes and the 2 year and the 10 year bond yields have fallen by 26bps and 28 bps respectively from highs seen in late January. These are very big moves in the Treasury market, the 10 year fell 25bps in two days, and in my opinion shows that the likely trend for rates is now lower not higher.

The Fed has a conundrum: does it stay faithful to its recent hawkish position on inflation and raise 25 or even 50bps? Or will it be mindful of the sensitivity of global markets to such a move and back off. It's a difficult and nuanced line to tread but given the uncertainty and the possibility of a Fed mistake, being defensively positioned is the best course of action for now.

Felix Wintle Fund Manager, VT Tyndall North American Fund, February 2022

Data sources: Bloomberg

Contact Details:

Fund Manager – fwintle@tyndallim.co.uk
Sales Director - hnolan@tyndallim.co.uk

Disclaimer

WARNING: All information about the VT Tyndall North American Fund ('The Fund') is available in The Fund's prospectus and Key Investor Information Document which are available free of charge (in English) from Valu-Trac Investment Management Limited (www.valu-trac.com). Any investment in the fund should be made on the basis of the terms governing the fund and not on the basis of any information provided herein.

The information in this Report is presented using all reasonable skill, care and diligence and has been obtained from or is based on third party sources believed to be reliable but is not guaranteed as to its accuracy, completeness or timeliness, nor is it a complete statement or summary of any securities, markets or developments referred to. The information within this Report should not be regarded by recipients as a substitute for the exercise of their own judgement.

The information in this Report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient and is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. In the absence of detailed information about you, your circumstances or your investment portfolio, the information does not in any way constitute investment advice. If you have any doubt about any of the information presented, please consult your stockbroker, accountant, bank manager or other independent financial advisor.

Value of investments can fall as well as rise and you may not get back the amount you have invested. Income from an investment may fluctuate in money terms. If the investment involves exposure to a currency other than that in which acquisitions of the investments are invited, changes in the rates of exchange may cause the value of the investment to go up or down. Past performance is not necessarily a guide to future performance.

Any opinions expressed in this Report are subject to change without notice and Tyndall Investment Management is not under any obligation to update or keep current the information contained herein. Sources for all tables and graphs herein are Valu-Trac Investment Management Limited unless otherwise indicated.

The information provided is "as is" without any express or implied warranty of any kind including warranties of merchantability, non-infringement of intellectual property, or fitness for any purpose. Because some jurisdictions prohibit the exclusion or limitation of liability for consequential or incidental damages, the above limitation may not apply to you.

Users are therefore warned not to rely exclusively on the comments or conclusions within the Report but to carry out their own due diligence before making their own decisions.

Employees of Tyndall Investment Management, or individuals connected to them, may have or have had interests of long or short positions in, and may at any time make purchases and/or sales as principal or agent in, the relevant securities or related financial instruments discussed in this Report.

Tyndall Investment Management is a trading name of Odd Asset Management. Authorised and regulated by the Financial Conduct Authority (UK), registration number 660915. This status can be checked with the FCA on 0845 730 0104 or on the FCA website (UK).

Investment Manager: 5-8 The Sanctuary, London, SW1P 3JP.