October Review

The Fund's F Acc share class units returned 3.78% compared to the S&P 500 Index ETF return of 2.78% in sterling terms.

The reason we do not own any of the FANMAG (Facebook, Apple, Netflix, Microsoft, Amazon, Google) stocks really came to the fore this month, as they had to report the reality that business is slowing. Meta Platforms, formerly Facebook, was the worst of them, falling 24% on its very weak quarter. Investors took fright at not only the slowing growth and earnings but also the huge spending plans put forward by CEO Zuckerberg. He is intending to invest $100bn in his quest to dominate the metaverse, a concept that many investors now view as highly risky, particularly as the core business is slowing and needs management attention. Microsoft and Alphabet, formerly Google, reported on the same day and they were down 7% and 9% respectively, both underwhelming investors. Amazon came next, falling 7% on a weaker outlook for its cloud business and offering the bewildering operating income guidance of $0-$4bn.

As for Apple and Netflix, they both reported better than expected numbers, but Netflix had already collapsed before the quarter. It is currently -52% year to date inclusive of its bounce. Apple didn't report a great quarter, but it did bounce 7%. This looks like a relief rally to me, rather than the start of a new bull run in the stock. We continue to believe that these stocks have had their time in the sun and remain zero weight to this group of stocks and to large cap growth stocks in general.

The best contributors to the fund were again to be found in our Healthcare portfolio, with our Big Pharma and Managed Care stocks performing well; Merck +17.5% and Elevance +20% in the month. Within our Consumer Discretionary portfolio, McDonald's and AutoZone were top performers, both +18%. We are cautious on consumer spending, but both these companies perform well historically in recessions and have very defensive business models which have stood the test of time.

Market Outlook

We continue to be cautiously positioned as corporates still battle with an earnings recession and a Fed that is tightening. We do not put any store in the continual market chatter that the Fed is about 'to pivot' and change its hawkish stance. They have not said anything like that and there is no message from the market that says it's imminent. They will of course pivot at some point, but it is very unlikely to be in 2022. The bear market is in growth stocks however, not the whole market, and this means there are still plenty of investment opportunities to be had, outside of sectors like Tech and Discretionary that have been such winners in recent years.

Felix Wintle Fund Manager, VT Tyndall North American Fund, 31 October 2022

Data sources: Bloomberg

Contact Details:

Fund Manager –Felix Wintle fwintle@tyndallim.co.uk
Sales Director – Theresa Russell trussell@tyndallim.co.uk

Not for retail distribution. This document is intended for professional clients only

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.

Capital at Risk: 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.