

## June Review

The Fund's F Acc share class units returned 2.56% compared to the S&P 500 Index ETF return of 2.73% in sterling terms.

We made some changes to our sector weightings in June. One of the biggest changes was the reduction to our position in Healthcare. We have taken the weighting down from 22% at the end of May to 9.4% at the end of June and reinvested the proceeds in other parts of the market, most notably Technology. Our Technology weighting has increased from 16% to 30%. We made this switch because we are currently seeing better opportunities in Tech and we are finding fewer reasons to be defensive in our Tactical portfolio. We sold several Healthcare holdings including Merck and Vertex Pharmaceuticals and trimmed some of other holdings. In Tech we bought Nvidia, now our biggest holding in the fund, and added to other positions like Cadence Design and Lam Research that are direct plays on the reshoring of the chip industry and the ongoing transformation of the industry brought about by the AI evolution. AI is going to require a very large-scale upgrade of the data centre and these companies are well placed to benefit from that.

We also reduced our Staples weighting from 8.9% to 4.8%, taking profits in stocks that we felt had done their job and it was time to move on. We sold General Mills, McDonald's and trimmed some Hershey. We added the proceeds to our homebuilders, which are now just over 10% of the portfolio. We are excited about the near-term future for this sector, as there is a unique dynamic at play right now. With existing home sales at multi decade lows due to lack of inventory, the winners are the homebuilders as new homes are the only outlet for buying demand. This is an unintended consequence of higher interest rates as homeowners find themselves 'rate locked' and unable to move. This has already paid dividends as Lennar Holdings was the biggest contributor to return in the month, rising by 17%. Pulte Homes was a good performer as well and returned 17.5%. We are also in a demographic sweet spot for housing demand, as Millennials enter their early 30s, which we believe will start to manifest once the outlook on interest rates becomes clearer.

On the subject of rates, Jay Powell did not raise interest rates in June but left the door open to further hikes in July, the market currently pricing in a 90% chance of such an event happening. Will this be the last rate increase? We shall have to see, but inflation is falling, and we are likely very near the end of this rate hiking cycle.

## Market Outlook

The market breadth has started to get better and the outlook is improving. The sentiment backdrop is still supportive in that there are many bearish voices and much concern over the potential for recession. There are areas of the market which are to be avoided but generally the tone has significantly improved over the last few months. We are finding lots of new



ideas and once the market gets comfortable that the inflation is finally under control, the broad market is likely to continue to perform well.

**Felix Wintle Fund Manager, VT Tyndall North American Fund, 30 June 2023**

**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](http://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.

© 2023 Tyndall Investment Management.

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). All rights reserved. No part of this Report may be reproduced or distributed in any manner without the written permission of Tyndall Investment Management.

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

