September Review

The Fund's F Acc share class units returned -1.32% compared to the S&P 500 Index ETF return of -1.01% in sterling terms.

September was true to historical form in being a difficult month. The S&P 500 fell 4.87% in dollar terms and the Nasdaq fell 5.81%. Investors were skittish given the rather surprising claim in Fed Chair Powell's press conference that rising bond yields were not an indication of further inflationary pressures. This led some investors to conclude that the Fed may be in denial about the future course of inflation and therefore may be behind the curve in terms of rate increases, meaning perhaps further 'catch up' rate rises may be coming. This open-ended feel to the rate picture weighed on valuations and took stocks lower.

The market has been dominated by three big macro drivers: the 10 year bond yield, the dollar and the oil price. All three of these data points have been positively correlated in September, with yields +47 bps or 11.2%, the dollar up 2.5% and the oil price up 8.6%. All these moves are tightening in nature and send risk off messages to the market. They are also unhelpful to the consumer with the cost of living and the cost of borrowing still at high levels.

In terms of portfolio activity, we bought back into the Energy sector during September as we see this sector as one of the areas of the market that can benefit from a rising oil price and rising inflation expectations. We also added two insurance names, Aflac and Arch Capital, which are both enjoying a strong pricing environment and will also benefit from rising interest rates. We reduced our weighting to homebuilders which have begun to feel the effects of rising interest rates which have sent the mortgage rate north of 7%.

Our holding in WWE has merged with Endeavour to form a new company called TKO Group. This marries the two entertainment/sports franchises of UFC and Wrestling under one roof. The company closed a broadcasting rights deal with NBC Universal which, despite being a 40% increase on the last contract, fell short of analysts' whisper number of a 50-70% uplift. This meant the stock sold off on the news, but we still own it and are excited by the long-term potential of this unique content company.

Market Outlook

The outlook for markets is dominated at the moment by inflation and the path of interest rates. Investors are fearful that rates still need to rise to keep inflation under control, and this flies in the face of the narrative that the Federal Reserve is done raising rates. We shall see how this plays out. In terms of a real time inflation indicator the oil price is a good proxy, as it enters the CPI calculation on a one month lag; it has been strong of late and the Energy sector has been one of the few bright spots in an uncertain equity market backdrop. Q3 earnings season starts next week and that will be the next focal point for investors.

Felix Wintle Fund Manager, VT Tyndall North American Fund, 30 September 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). 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.