



Review

The Fund's F Acc share class units returned 0.34% compared to the S&P 500 Index ETF return of 0.42% in sterling terms.

September 2024 will go down in history as the month the Chinese government single handedly changed the direction of their stock market in one fell swoop. They announced a huge stimulus package which has turned their market, and the Shanghai Composite index rose over 21% in 5 days - its biggest move ever. This upstaged the Federal Reserve somewhat as it too moved the stimulate by cutting rates by 50bps at their meeting on 18 September. This move was expected by the market, but it was still well received and stocks have been on a good run since rising 2.5% from that date to month end.

One interesting thing to note however is that despite the cut, there has been a subtle leadership change in the market, and that continued this month. Tech participated in the rally but it was middle of the pack in performance terms. The best sectors were Consumer Discretionary, Utilities and Communication Services. This is a change that has been happening for the last two or three months now and it's a trend we're watching closely.

One area that has continued to perform well is Industrials and the biggest contributor to returns for the fund was GE Vernova. This is one of the three new companies that were formed when GE was broken up. We like corporate break ups and restructurings as they tend to release a lot of value and this has been no exception. We own GE Aerospace which has also been performing well. GE Vernova is an electric power business and has benefitted from the increased demand for power generation and distribution. Another stock that performed well was Hubbell which has a key role in upgrading the electricity grid which is another long term theme at play in America today.

Among the detractors was McKesson which fell on slightly weaker than expected quarterly earnings. This drug distribution business has been a good performer over the years and we see this as a bump in the road. The industry is very consolidated, with only three major players, and we view this as an opportunity to buy more although we haven't done so yet.

Market Outlook

The fund remains well diversified across sectors and themes. We remain underweight tech at the moment and, as noted above, remain vigilant around trends in this sector. It is a good sign for the market that there are other areas leading the market and we expect this to continue.

As mentioned above, the Fed cutting rates at the same time as China creates huge stimulus, sets up for a potentially positive Q4 and beyond.



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Past performance is not a reliable indicator of future results.

Whenever the Fed has embarked on a rate cutting cycle during a non-recessionary economic backdrop, this has historically also been positive for equities, and this is the environment we find ourselves in now.

Felix Wintle, Fund Manager, VT Tyndall North American Fund, 30 September 2024

Data source (unless otherwise stated): Bloomberg, FE Analytics

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