



Review

The Fund's F Acc share class units returned 5.72% compared to the S&P 500 Index ETF return of 4.17% in sterling terms.

October was a positive month for US equities. The fund's biggest contributors to returns were three stocks that typically fly under the radar. First was Brinker International which is a restaurant chain most famous for its "Chili's" brand of fast casual eateries. The management team at Brinker has brought about a step change in growth, powered by pricing and higher traffic. The concept is taking share from other competing franchises which are not adapting to the prevailing conditions of this very competitive industry. Chili's menu innovations are chiming with their customers and the company delivered comparable sales growth of 13%, better than the market was expecting. The shares rallied 7.5% on their quarterly earnings report, rounding out an impressive 34% return for October. We purchased the shares mid-September, so it has been a good run and one we think will continue.

Second was Agnico Eagle, a gold mining company. Gold has been one of the best performing areas of the market in 2024, comfortably outperforming the S&P 500 and the Nasdaq year to date. We bought Agnico Eagle earlier in the month and it has already started to work. Third was Axon, the company formerly known as Taser, which has continued to perform well since it's last quarterly earnings which beat expectations handily.

The top three detractors were Shark Ninja, Foot Locker and Moody's. Shark Ninja, which reported on 31 October was the biggest faller, falling 16% on the day. Although earnings beat expectations, the sell-off was sparked by management's guidance to lower than expected margins but this is due to increased investment in R&D and SG&A – which is a positive in my view. However, with the stock having been a strong performer over the last several months, this was enough to spook some investors; our thesis remains intact however and believe this company is still in the early innings of its growth trajectory.

Foot Locker has been a bit volatile of late, but this is a turnaround story, and we are keeping the faith that the near term future looks significantly better for this company. Moody's was a -4.3% in October and has corrected a little since their earnings which looked fine to us.

An important portfolio change has been our sale of our Novo Nordisk position. We have also trimmed back Eli Lilly. Both these stocks have been good performers for the fund, especially Eli Lilly, but both have started to miss expectations on quarterly sales and earnings. These are both well understood and widely held stocks and so as the fundamentals start to worsen at the margin, it's time to take some profits and watch the situation with a much smaller weighting to the anti-obesity theme.



Capital at Risk – the value of investments can fall as well as rise and you may not get back what you invested

Past performance is not a reliable indicator of future results.

Market Outlook

The outlook remains bullish for US equities. The world is of course focused on the election and the race remains as close as it's ever been. There has been considerable put buying in the market which denotes investors wanting downside protection ahead of the uncertain outcome on 5 November.

This is a positive development as it means that the higher probability scenario is for a relief rally after the result is known. The macro back drop would suggest this too; US GDP for Q3 was reported this month and it came in at 2.8%, significantly higher than other developed Western economies.

Felix Wintle, Fund Manager, VT Tyndall North American Fund, 31 October 2024

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

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