



Review

For those investors who expected an uneventful month during June, this was not to be the case, and geopolitical events continued to dominate the headlines, even if equity markets took them within their stride. Events such as a war between Iran and Israel, supported by the US engaging in 'tactical' strikes against their enriched uranium plants has little effect on investors risk appetite, and even oil's sharp spike in price was short lived. The decision by CNBC's Megan Cassella to ask Donald Trump about the TACO (Trump always chickens out) trade, was like red rag to a bull, and beyond being branded the 'nastiest question', was almost certain to entice the President who focuses on headlines, to make sure that his next decisions were decisive and not rolled back on, as his action in Iran proved to be.

With this, and wars in Ukraine and Gaza rumbling on, with increasingly horrific attacks being undertaken, Nato members (except Spain) embraced the need to increase defence spending to 5% of GDP, a level not seen since the Second World War. President Trump had been calling for such an increase, and by pandering to his demands, while also addressing the threat of increased security concerns, the Nato members avoided the risk of the USA pulling out of the Alliance.

News of trade deals being struck, or not, appear to be seen with less importance by investors. The Court of International Trade, however, has ruled that President Trump's global tariffs are illegal, but the Federal Appeals Court has allowed them to remain in place before making a decision in August. This has caused a conundrum for countries thinking about making deals before the July 9th deadline, as only two months later they may find the whole tariff threat is deemed illegal and reversed. Even the EU, however, who often find it difficult to reach a consensus are now rushing to get some framework in place before July 9th.

Just to add further confusion to global trade, the 'big, beautiful bill' currently going through Congress, not only significantly increased concern over US debt levels as Donald Trump sought to make his tax breaks permanent but also had a Section 899 clause, dubbed the 'revenge tax', which would have led to an increase in withholding tax to international investors. Fortunately, at the eleventh hour, the Treasury Secretary, Scott Bessent once again stepped in to request Congressional Republicans to axe that particular clause.

Fund Performance/ Activity

The Fund rose by 0.45% during the course of the month, leaving the year-to-date returns at -3.14%, as investors started to believe that companies are in better shape to absorb tariff costs than initially feared. The S&P 500 and the MSCI World indices finally managed to make new highs, however, for the UK investor, given the depreciation of the Dollar so far this year, when converted to Sterling returns, they remain a significant way off making new highs. Partly due to this depreciation, European equities outperformed their US peers by the biggest margin on record in the 1st half of the year, if measured in US Dollar terms. The Fund underperformed the global markets overall* which rose by 2.62% as investors flocked back into the mega-cap tech names once again.

Although we saw significant moves in many of our holdings, and in the wider market, we did not make any new positions or exit any of our existing holdings during the month. We did, however, trim our position in JP Morgan Chase, which preformed particularly well after the Federal Reserve unveiled its plans to reduce the supplemental capital requirement and leverage requirements that imposed after the 2008 banking crisis. The globally systemic US banks such as JP Morgan were required to have five



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percent of capital in reverse against their total assets, and this may be cut in half, freeing up the large banks to earn greater return on assets which had previously been ringfenced. JP Morgan remains one of the largest positions in the Fund.

During the month we had positive contributions to performance from our holdings in Nike, **Amphenol**, Amazon, **JP Morgan and Fiserv**, which all rose in excess of eight percent during the month. The largest detractors from performance came from our holdings in Nestlé, Diageo, Zoetis, **Accenture** and Costco. Those in bold are in the top 10 positions in the Fund.

Market Outlook

With half of 2025 already under our belts, we can look forward with expectations that the remainder of the year will see a reduction in geo-political disruption. Despite this, there remains uncertainty over whether President Trump 'chickens out' over the tariffs imposed on those nations who have not made a trade deal with the US ahead of the 9th of July deadline, however, any tariff levels are likely to be significantly below the Liberation Day sticker shock.

We have been pleasantly reassured by how unperturbed most companies appear to be, given the introduction of new tariffs, with most accepting the new-normal and believe that they can mitigate them either by passing on prices or reducing costs in fairly quick order. Across the Atlantic, European companies remain to find favour from investors after years of being overlooked. With green shoots emerging from Germany after a couple of years of negative growth, supported by the new administration's spending plans, we believe that this period of European outperformance is likely to continue over the coming months. The Tyndall Global Select Fund currently has one-third of its assets listed in European & UK equities.

As animal spirits continue to return to the markets, we have started to see an uptick in the number of companies coming to market, and although the mergers & acquisitions market remains subdued there are initial signs that deals may be prepared for later in the year, all of which will be positive for equity markets as a whole.

Richard Scrope, Fund Manager, VT Global Select Fund, 30th June 2025

Data source (unless otherwise stated): Bloomberg, FE Analytics
*iShares MSCI World UCITS ETF GBP TR in GBP

Contact Details:

Fund Manager: Richard Scrope – rscrope@tyndallim.co.uk

Head of Distribution: Theresa Russell – trussell@tyndallim.co.uk



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



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