VT Tyndall Global Select Fund

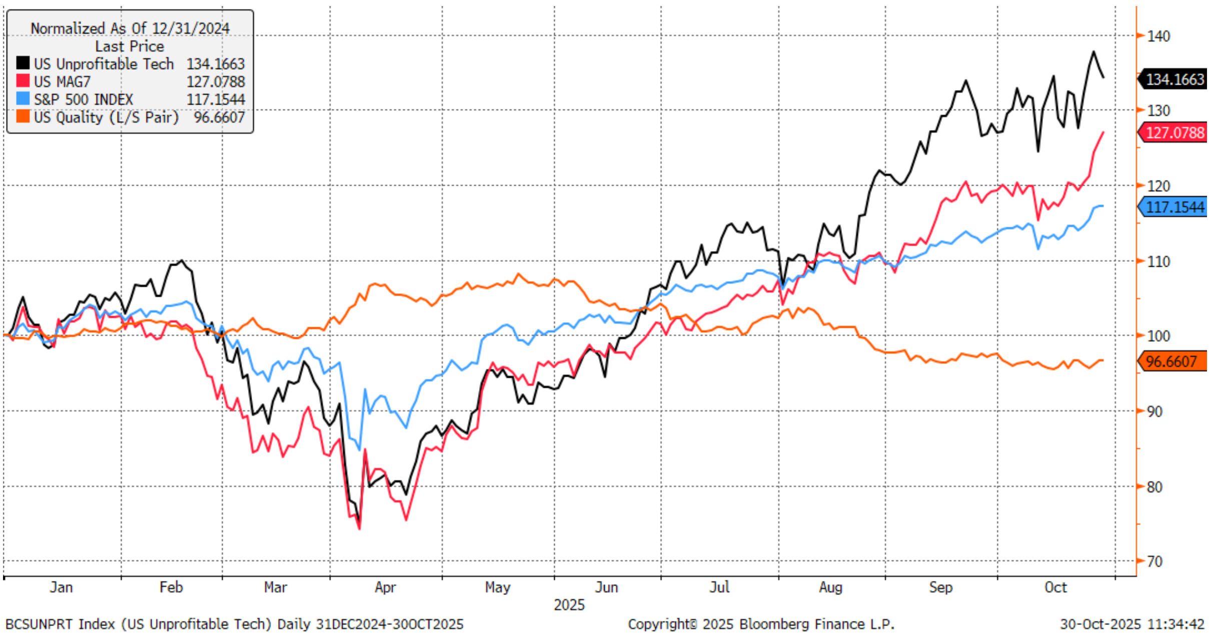
Monthly Commentary | October 2025

TYNDALL

Review

Markets continued their upward march during this month, as companies reported their third quarter results, and expectations for the full year, which, for the most part, have been ahead of what the market had expected. AI remains the major theme driving the market and there have been many outsized moves from even large companies as soon as OpenAI or Nvidia disclose a partnership, investment, or deal with them. Many of these deals appear very circular in nature, such as Nvidia's $100bn investment in OpenAI so that they can buy Nvidia's chips. Although this has slightly reminiscent of the vendor financing of the dotcom era, it is noticeable that the mega cap companies that are investing heavily now have sound balance sheets and are still generating excess cash flows after their eye-watering capital expenditures.

The market, however, has been narrow in nature, with 'unprofitable small & mid-caps' and 'Nasdaq listed companies with no revenues' being two of the best performing classes within US equities so far this year, and the most-shorted basket has recently started to outperform as well. Quality, cash generative companies have experienced their worst period of relative performance for over 25 years as investor behaviour has been driven by fear of missing out (FOMO). This is particularly evident by the volume of call options and passive ETF buying by the retail market, which is increasingly dominated by a smaller number of companies.



Fund performance / Activity

Having reduced our position in Fiserv a couple of times earlier in the month, the third quarter results caused us to exit a position that we have held since 2016, as the numbers ended a multiple decade long record of 10%+ EPS growth, and the issues highlighted are likely to take many years to rectify. While usually our mantra is to top-up on market corrections, in this case we believe that the investment thesis has fundamentally changed for the worse and that we can find better sources of returns for investor capital.

We also reduced our holdings in Amphenol and American Express after exceptionally strong performance during the month that led them to be outsized positions in the Fund. We redeployed the capital to increase our position in Booking Holdings and to start a position in AeroVironment, a world leading drone manufacturer that recently completed the acquisition of Halo, giving it the ability to offer the full suite of offerings, from surveillance, to attack, detection and defence, at a time when governments worldwide want all four of these capabilities.

In terms of performance, the biggest contributors to the Fund return over the month were Next, Amphenol, Broadcom, Thermo Fisher and AstraZeneca as many of the Fund's holdings posted gains of greater than 10% during the month. Conversely, our holdings in Sika, Home Depot, Deutsche Boerse, United Rentals, and Zebra Technologies all underperformed, falling during the month. The Fund rose by 2.63% during the month, resulting in a year-to-date return of 0.22%.

Market Outlook

With OpenAI expected to IPO next year, we expect the hype surrounding AI to continue, and there appears to be no slowing down in capex from the mega-caps who continue to talk about being supply constrained. We will, however, continue to invest and search for profitable companies that are winners within the space, with tangible products or services that support their revenues, cash generation and profits.

The election of Japan's first female prime minister, who is intent on using monetary policy to boost investment in key sectors of the Japanese market, is reminiscent of the Shinzo Abe era of his 'three arrows'. We expect that this is likely to draw investors' attention to the valuation discount of Japanese equities relative to other developed markets and we will continue to search for further long-term investment opportunities in the region.

Sadly, although we are attracted to the valuations in UK equities, and note that two of our UK companies were amongst our top five performing holdings during the month, we believe that the uncertainty over the budget will cast a cap over the region until the end of the month as consumers and companies face a period of uncertainty toward spending and investment.

As a global equity Fund, we have the benefit of being able to invest in the best companies across all sectors and geographies, and as such we are able to adapt to fundamental shifts in the market while remaining true to our philosophy and process. Although momentum continues to drive the market, we continue to believe that value is to be found in quality companies that produce tangible products and services that people use every day and thus have reliable cash flows and revenue streams. Therefore, we eschew those companies which rely heavily on debt with the promise of future revenue streams that may or may not materialise.

Richard Scrope, Fund Manager, VT Tyndall Global Select Fund, 31st October 2025

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