VT Tyndall North American Fund

Monthly Commentary | October 2025

Review

The Fund's F Acc share class units returned 6.03% compared to the S&P 500 Index ETF return of 6.11% in sterling terms. The IA North American sector average return was 3.7%.

October was another good month for stocks as this bull market continues on, despite the many naysayers. I can't remember a time when there were such strong equity markets accompanied by such prevailing pessimism amongst investors and commentators. This is a good set-up, as markets climb the wall of worry and there are plenty of investors yet to get involved.

The best performing sectors in the fund during the month were Technology, Financials and Industrials. As it's currently Q3 earnings season, there is a lot of new information out there which helps in ascertaining where we are in the AI cycle. We still believe we are early, and many of our companies have backed up this view in their Q3 earnings calls. One of our newer holdings is Seagate Technology, which rose 18% on its better-than-expected Q3 earnings, and they highlighted the huge amount of data storage that will be required as AI-generated videos take off. The AI bears will warn that we can see how AI will disrupt companies, but where are the AI winners? This is a good example of a stock that is already benefiting from AI and is right at the beginning of its growth cycle.

Our Financials portfolio was again helped by good performance from Robinhood, the online broker. Interactive Brokers also had a very impressive quarter, and we view both these companies as share gainers from the more established players, who are slow to adapt to modern markets and new financial instruments. Our Industrials holdings were boosted by defence companies such as Howmet, which is also enjoying a strong period of growth, with year-on-year eps growth of 34% and margins up 290bps. Spending in this area is still really strong, and we expect that to continue.

On the weaker side of things was Consumer Discretionary, which was caused by us not owning Amazon, which spiked 9.6% on its quarter, which saw an increased growth rate in its AWS business. We also lagged the market in Healthcare, which we remain significantly underweight. The sector had quite a strong counter-trend move higher in the month.

We have added back some exposure to the Energy sector, but not in the traditional sense of oil and gas-related companies. We have bought some exposure to Uranium, and whilst small at the moment, we will look to increase our weighting as things develop.

Market Outlook

As mentioned above, we like strong markets which are widely disbelieved. Part of the reason for the disbelief is that some investors don't like the manner in which the market is advancing, ie the AI trade. They fear it's a bubble and is all about to end in tears. I would argue we are not in the bubble phase of this move; we are in the secular investment theme phase. What's the difference? When the bubble phase is upon us, stocks will be going parabolic, and investors will be piling into risky stocks and not caring about fundamentals.

At the moment, companies are struggling to get what they need for the AI build-out, and investors are sceptical. This indicates to me that we are still in the early phases. And don't forget, the last bear market in the Nasdaq Composite and the S&P 500 only just bottomed in April, just 6 months ago so it's very unlikely that we are at a top in the market or the cycle.

Felix Wintle, Fund Manager, 31 October 2025

Data sources: Bloomberg.

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