



## Review

The month of December was centred around the decision of the central reserve to cut headline interest rates but then subsequently caution over expectations for the path of rates in 2026. Although the market had largely expected a rate cut, the guidance was more hawkish than had been expected, and markets fell by over 2.5% in the following three days, before December's inflation number eased the market's concern and equities clawed back much of the lost ground.

Precious metals and copper surged during the month as market uncertainty rose. The US increased political tensions by attacking Venezuelan oil tankers (and the subsequent arrest of President Maduro), combined with protests flaring up in Iran, and the talks between Russia and Ukraine yo-yoing between optimism and despair, all adding to concerns.

European equity markets outperformed their US counterparts as they remained in positive territory throughout the month and finished the year with similar optimism as they started the year. Although latest manufacturing data from Germany remains signalling a decline, the respective data for France rose into expansionary territory for the first time for almost two years and the UK also flipped back to positive levels as well.

Japan enacted their fiscal stimulus program and their equity markets and the Yen reacted accordingly. In opposite directions, there are signs that China has realised that significant monetary and fiscal stimulus measures will be needed if they are going to resurrect consumer confidence from remaining at the record low levels where they have been stuck for over two years.

## Fund performance / Activity

Activity over the month was concentrated around taking profits and resizing our best performing positions that had grown to outsized positions in the fund. We also exited our small position in Aerovironment, the drone manufacturer, as the geopolitical landscape in Ukraine, which accounts for around 10% of sales, has become increasingly volatile as talks between Ukraine, the US and Russia swung between progress and failure at increasing speed. We redeployed the funds into our positions in Visa, which announced its partnership with Circle for Stablecoin deployment and Novo Nordisk, which received FDA approval for its oral Wegovy pill, becoming the first to market with a pill for obesity solutions.

In terms of performance, the biggest contributors to the Fund's returns over the month were Booking Holdings, DSV which both rose by more than 10%, as well as Accenture, Nvidia and Visa which all rose by more than five percent. Conversely our holdings in Broadcom and Nike fell after their future guidance disappointed investors despite their results coming in ahead of expectations. Diageo, Costco and Sherwin Williams also underperformed. The Fund fell by 0.59% during the month, resulting in a year-to-date return of -2.38%.



# Market Outlook

The fallout from the arrest of President Maduro, and what President Trump's actions may be, given his rhetoric about Greenland being essential to US security and willingness to take action in Iran should the situation continue to deteriorate, may still have further to run and may well take much of the headlines in early 2026. The implications of the US investing in Venezuela's oil fields, where production has fallen by two thirds during Maduro's tenure and now sits in a state of disrepair due to underinvestment, will take time to play out. However, the quality of the oil is on a par with that coming from the Canadian oil sands which the US has knowledge and experience on how to refine and may have ramifications on the discount on Canadian oil, which has narrowed over the past few years.

Earnings and margin estimates point to 2026 being another positive year for global equities. Stimulus measures should help growth extend beyond just the US and Europe, just as Germany, whose once lauded manufacturing sector has been struggling, should also see benefits from Merz's stimulus package finally come through to boost production.

There are signs that the breadth of the developed nations' markets is improving, and not being restricted to just a few themes, namely unprofitable tech and AI related themes, which have been a drag on Fund performance over the past couple of years. A broadening out of the market is likely to be beneficial for fundamental, quality-based investing, rather than momentum driven investing that we have experienced for the majority of 2025. This should also prove beneficial for active managers who can adapt to the shift and invest in areas which remain underinvested and yet have improving fundamentals.

**Richard Scrope, Fund Manager, VT Tyndall Global Select Fund, 1<sup>st</sup> January 2026**

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