

Bloomberg ID: VTWARNI LN

SEDOL: BMTRT64

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Fund value at midday 30TH November was 88.0665

Assets under management: £28.7m

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Total Return	0.16%	1.15%	0.34%	1.41% *	0.33%	0.08%	-0.33%	4.00%	2.61%	2.16% *	1.23%	1.60%
<small>*Inc. Distributed Dividend</small>												

VT Woodhill UK Equity Strategy Fund, five-year performance, dividends re-invested (UK p)



PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Source: VTIM

November was another positive month for us. Our fund was up 1.6% and our fund is now up 15% year to date. This compares to the UK market (excluding dividends) which is up just under 2% in 2023. It is also worth pointing out that we have managed to achieve this performance with a maximum monthly draw down of less than one percent. This compares to the overall UK market which has experienced several significant draw downs, two of which were over eight percent.

In addition, we have been fully hedged¹ for over three quarters of the time so far in 2023. This does indicate that we are able to produce superior returns while taking substantially reduced levels of risk.

There are a quite a few conflicting currents at work in equity markets. Although it is a far from a fundamental feature, the last month of the year does tend to have a positive aspect. In our opinion this occurs because investors start to shift their view from the present into the year ahead. This usually involves a rosy view of future earnings growth, and on top of this, the retreat in inflationary pressure across the West is helping investors to believe that interest rate cuts are likely in 2024. As positive as all of this sounds, as historians of financial market history, we cannot help but feel that the road ahead may not necessarily be as easy as it sounds. In the last few interest rate cycles (and especially in the early 2000s and then again in 2008) interest rate cuts were taking place in response to either a much weaker economy or financial crisis and were accompanied by a sharply falling stock market. In essence, in most previous cycles official interest rates have

1 From time to time, the fund uses FTSE 100 equity futures to protect the value of the fund. When the hedge is applied, net equity exposure is reduced, and the capital should be largely protected.

increased until the economy falls into recession. The stock market has frequently peaked during 'the pause' when central banks have stopped putting rates up but when the recession is not yet obvious. This is where we think we are today.

It is in this somewhat golden 'pause' period that investors can use the data around them to forecast the arrival of a 'soft landing.' This is the most positive situation possible – an economy that slows, where interest rates are falling but where there is no recession. The lesson of history is that such an outcome is a rarity. The odds are against it happening. Looking back into the 1970s the chance of success – of a soft landing occurring – of interest rates falling without being accompanied by a significant stock market decline is only around 20%. These are not great odds, and this is especially relevant as in many ways an argument could be made that investors are already somewhat discounting a soft landing.

We will continue to watch economic developments very closely. There are many signs that the Western economies are weakening. If this weakness moves beyond a slowdown and into something more serious, we may well look back at this current 'pause' and see what could have been a significant market peak. We will proceed carefully and with caution. In the meantime, we will proceed very cautiously and as always, we would like to thank everyone for their support.

TOP FIFTEEN EQUITY HOLDINGS 30th NOVEMBER 2023

Shell plc	8.4%
AstraZeneca PLC	6.7%
HSBC Holdings PLC	5.7%
BP PLC	3.9%
Rio Tinto PLC	3.6%
BAE Systems PLC	3.2%
Relx PLC	3.0%
Diageo PLC	2.8%
Compass Group PLC	2.6%
National Grid PLC	2.5%
British American Tobacco	2.4%
3i Group PLC	2.1%
Unilever PLC	2.0%
GSK plc	1.9%
Glencore PLC	1.9%

Fund manager: Paul Wood

6th December 2023
www.woodhillam.co.uk

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