

Bloomberg ID: VTWARNI LN

SEDOL: BMTRT64

ISIN: GB00BMTRT641

Fund value at midday 31<sup>st</sup> October was 86.6804

Assets under management: £27.7m

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
Total Return	0.67%	0.16%	1.15%	0.34%	1.41% *	0.33%	0.08%	-0.33%	4.00%	2.61%	2.16% *	1.23%

\*Inc. Distributed Dividend

## 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

In October our fund was up 1.2% versus the UK market which was down 3.8%. Since the start of the year our fund is now up 13% (total return) compared to the overall UK stock market which is down just over 1%. We have managed to achieve these returns with very low volatility. Our largest monthly draw down year to date is less than 0.4%. We continue to be able to improve returns on a relative and absolute basis through the process of reducing rather than increasing risk.

We were fully hedged<sup>1</sup> throughout the whole of October. This means that all our positive performance came from the strong relative performance of our chosen equities versus the market. Our strategy is always to aim to improve performance by reducing risk. This is something we do at a macro level through hedging, but we also follow this methodology in our stock selection. We aim to own the best quality companies and we assess this partly on valuation and growth potential, but also, most importantly, through the strength of company balance sheets. In the long run, we believe solidly financed companies do better than ones that are more fragile. In difficult economic or political situations this concentration on quality usually comes to the fore. This has been the case in October.

Before the Middle Eastern events took centre stage equity markets looked a little extended to us and sentiment was a little too positive. Long term interest rates in developed markets have continued to rise and at the same

<sup>1</sup> 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.

time, from our perspective, the Western world continues to inch ever forward to a recession. Once the terrible events in the Middle East occurred our fully hedged (defensive) position took on a new aspect.

While markets have now become oversold, we will nevertheless be very careful about exposing our investors to equity market risk. We do not know what is going to happen in the Middle East, but we do know that the current situation could get worse. It is of course possible that talks could take over and some sort of peace deal could be negotiated but this would be the most positive outcome. Alternatively, a multi-front regional war which could involve Iran could be truly damaging for the world economy. Energy prices could move up sharply again, pushing up inflation and acting as a depressive influence on all parts of the world economy that are not energy producers. If the conflict does spread, it could easily be the catalyst to push the Western world into a recession that seems to have been looming for some time now. It would also present central banks with a real challenge. Economies could be substantially weakening at a time when inflation is also rising making it very difficult for central bankers to know if they should be responding to a weakening economy by easing rates, or to rising inflation by increasing them.

From our perspective, our ability to hedge and protect our portfolio means that we have been able stand aside from these events – which is what we have been doing. This is exactly the sort of situation where having a fund manager that can hedge, and is willing to do so, is especially valuable. We hope, of course, that the war does not spread, and, at the moment, this seems to be the case. If the war does remain contained there is the possibility that equities could move up towards year end. Sentiment is now depressed, and markets are oversold. We hope that peace can be achieved and that markets can go back to something like normal. In the meantime, we will proceed very cautiously and as always, we would like to thank everyone for their support.

#### TOP FIFTEEN EQUITY HOLDINGS 31<sup>st</sup> OCTOBER 2023

Shell plc	8.1%
AstraZeneca PLC	6.5%
HSBC Holdings PLC	5.3%
BP PLC	3.8%
Rio Tinto PLC	3.3%
BAE Systems PLC	3.1%
Diageo PLC	2.9%
Relx PLC	2.7%
Compass Group PLC	2.6%
National Grid PLC	2.2%
British American Tobacco	2.2%
Unilever PLC	1.9%
GSK plc	1.8%
Glencore PLC	1.7%
3i Group PLC	1.7%

Fund manager: Paul Wood

7th November 2023  
[www.woodhillam.co.uk](http://www.woodhillam.co.uk)

## Disclaimer

*The information in this Report is presented by Woodhill using all reasonable skill, care and diligence and has been obtained from or is based on third party sources believed to be reliable but is not guaranteed as to its accuracy, completeness, or timeliness, nor is it a complete statement or summary of any securities, markets or developments referred to. The information within this Report should not be regarded by recipients as a substitute for the exercise of their own judgement.*

*The information in this Report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient and is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. In the absence of detailed information about you, your circumstances or your investment portfolio, the information does not in any way constitute investment advice. If you have any doubt about any of the information presented, please consult your stockbroker, accountant, bank manager or other independent financial advisor.*

*Value of investments can fall as well as rise and you may not get back the amount you have invested. Income from an investment may fluctuate in money terms. If the investment involves exposure to a currency other than that in which acquisitions of the investments are invited, changes in the rates of exchange may cause the value of the investment to go up or down. Past performance is not necessarily a guide to future performance.*

*Any opinions expressed in this Report are subject to change without notice and Woodhill is not under any obligation to update or keep current the information contained herein. Sources for all tables and graphs herein are WoodHill unless otherwise indicated. The information provided is "as is" without any express or implied warranty of any kind including warranties of merchantability, non-infringement of intellectual property, or fitness for any purpose.*

*Because some jurisdictions prohibit the exclusion or limitation of liability for consequential or incidental damages, the above limitation may not apply to you. Users are therefore warned not to rely exclusively on the comments or conclusions within the Report but to carry out their own due diligence before making their own decisions.*

*Woodhill Asset Management LLP and its affiliated companies, employees and appointed representatives of Woodhill Asset Management LLP and its affiliated companies, or individuals connected to them, may have or have had interests of long or short positions in, and may at any time make purchases and/or sales as principal or agent in, the relevant securities or related financial instruments discussed in this Report.*

*No part of this report may be reproduced or distributed in any manner without the written permission of WoodHill Asset Management LLP.*

*Authorised and regulated by the Financial Conduct Authority (FCA), registration number 649832.*

*This status can be checked with the FCA on 0800 111 6768, or on the FCA website.*

*Registered in England No: OC389733.*

**If you do not wish to receive any further emails from us, please reply "Unsubscribe" in the subject line.**