For professional investors only

VT DE LISLE AMERICA FUND

Monthly Commentary

February2025

Feb 2025		Fund			S&P 500 Index	
		Performance	Inception to date		Performance	Inception to date
		YTD	*ITD*		*YTD*	*ITD*
2005		**+14.01%**	**+14.01%**		**+4.78%**	**+4.78%**
2006		**+16.91%**	**+33.29%**		**+13.62%**	**+19.05%**
2007		**+4.06%**	**+38.70%**		**+3.53%**	**+23.25%**
2008		**-47.99%**	**-27.86%**		**-38.49%**	**-24.18%**
2009		**+42.74%**	**+2.97%**		**+23.45%**	**-6.40%**
2010		**+24.94%**	**+28.65%**		**+12.78%**	**+5.57%**
2011		**+1.79%**	**+30.96%**		**0.00%**	**+5.56%**
2012		**+24.17%**	**+62.61%**		**+13.41%**	**+19.71%**
2013		**+42.96%**	**+132.46%**		**+29.60%**	**+55.15%**
2014		**+3.92%**	**+141.59%**		**+11.39%**	**+72.82%**
2015		**-2.10%**	**+136.51%**		**-0.73%**	**+71.56%**
2016		**+31.95%**	**+212.07%**		**+9.54%**	**+87.93%**
2017		**+13.43%**	**+254.00%**		**+19.42%**	**+124.42%**
2018		**-20.44%**	**+181.65%**		**-6.24%**	**+110.42%**
2019		**+27.60%**	**+259.39%**		**+28.88%**	**+171.19%**
2020		**+16.17%**	**+317.49%**		**+16.26%**	**+215.28%**
2021		**+35.18%**	**+464.37%**		**+26.89%**	**+300.07%**
2022		**-10.54%**	**+404.87%**		**-19.44%**	**+222.29%**
2023		**+20.33%**	**+507.49%**		**+24.23%**	**+300.38%**

	MTD	*YTD*	*ITD*	*MTD*	*YTD*	*ITD*
2024		**+9.78%**	**+566.90%**		**+23.31%**	**+393.62%**
Jan 2025	**+2.58%**	**+2.58%**	**+584.10%**	**+2.70%**	**+2.70%**	**+407.04%**
Feb 2025	**-7.08%**	**-4.68%**	**+535.68%**	**-1.42%**	**+1.24%**	**+399.82%**

In February, the Fund fell 7.08% and the S&P500 fell 1.42%. Sterling holders lost 9.42% as the pound rose from $1.228 to $1.260. The hard fall in the Fund was caused by a rapid fall in consumer and investor confidence as the yield curve inverted between 3 months and 10 years. Once again, and contrary to our expectations, there are fears of recession. The consequence is the usual underperformance of smaller stocks, with the small stock indices all down around 5.5%. Within sectors, anything dependent on consumer spending was particularly weak and it was a bad month for housing, retail and consumer durables. Additionally, the data-centre trade came to an abrupt end, which hit energy. We had responded at the end of January by raising liquidity, including selling Celestica on13th February, when we reached around our maximum rate of recent years of around 12%. If we had not sold, we would have been down a further 1%.

The relative strength was in consumer staples and large rock steady growth, such as Netflix or Costco. Our growth stocks are more nuanced as they are smaller cap and much cheaper. Our names, such as Carriage Services in funerals or Karat in packaging were less steady. We reacted to the news-flow by some reduction in traditional energy where our long-cycle case is weakened by the prospect of Russian rehabilitation, yet uncertainty means we retain holdings.

The American Association of Individual Investors (AAII) has provided the best sentiment data since 1987 and is a lead or concomitant contrary indicator. The rapid collapse of its ratios last week, now showing triple the bears to bulls, equal to anything 2022 threw up and before then we don't get readings like this until the dark days of early 2009. The sudden crash of post-election bullishness, also noticeable in the dollar and Bitcoin, is attributable to rapid political change (tariffs, refugees, aid, Ukraine) but not economic change (short rates not falling, inflation rising not falling). The focus is on pushing and protecting US tech which leaves our real world in an uncertain place facing tariffs while the virtual world is a haven.

While it is tempting to reiterate the valuation gap, we do recognise that the news background may well inhibit buying a house or a boat and may well exacerbate their down cycles. We are in close touch with our companies and are assured that demand is suppressed but not cancelled.

The good news is that buying with this level of fear has always been a winning long-term move. We will retain our 12% level of liquidity to invest on a break in the clouds.

DE LISLE PARTNERS

Risk Warnings Other Important Information