

VT DE LISLE AMERICA FUND

Monthly Commentary

January 2025

Jan 2025		Fund			S&P 500 Index	
		Performance	Inception to date		Performance	Inception to date
		<i>YTD</i>	<i>ITD</i>		<i>YTD</i>	<i>ITD</i>
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%

	<i>MTD</i>	<i>YTD</i>	<i>ITD</i>	<i>MTD</i>	<i>YTD</i>	<i>ITD</i>
2024		+9.78%	+566.90%		+23.31%	+393.62%
Jan 2025	+2.58%	+2.58%	+584.10%	+2.70%	+2.70%	+407.04%

In January the Fund rose 2.58% and the S&P500 rose 2.70%. Sterling holders were up 4.56% as the dollar rose from \$1.252 to \$1.228. The positive January effect on small companies was overwhelmed by strong political messages, particularly from the inauguration on the 20th. These messages tended to favour technology, with the continued emphasis on American exceptionalism. The Russell Microcap index was actually down by the end of the month. Most indices were in line with the S&P500. On January 27th, the arrival of DeepSeek created a warning crack in the technology supply chain. This was very important for us as our technology investments tend to be derived through this chain as technology itself tends to be beyond the price we will tolerate. This has not been mitigated in January as big tech stocks returned to their highest relative P/E multiples, last seen in 2021 when interest rates were negligible. The implication is that the market judges their relative prospects to be even brighter than ever.

The crack on the 27th cascaded through the tech supply chain, presuming that energy requirements were overstated. For instance, Cameco, our principal nuclear holding, fell 17% and Celestica, building data centres, fell 28%. They were not alone. The Fund fell 2.7% on the day. We concluded the move to be just a warning and didn't sell anything based on the idea that the ethical constraints on AI development had been immediately thrown out and the race with China had become overt. Fears of human extinction were trumped by fears of humiliation by China which is exactly what behavioural studies would predict. The President called it a 'wake-up call' and our view is that energy requirements remain undimmed, despite more efficient use as the DeepSeek model is adopted; a phenomenon known as the Jevons Paradox. Technically, we would want to see new highs within six weeks. This has already been achieved by Celestica and the rest are also rallying. We are mindful the warning crack precedes the summit and are not adding.

Following month-end, the picture has been muddied again with tariff activity. On a macro-level, these raise prices and have negative consumer wealth effects, plunging us back into recession worry. Although the yield curve has gone positive, a stand-off with the Fed appears to be developing, whereby interest rates remain high and disinflationary conditions are with us awhile. We have been shifting to more steady growth stocks but they are often expensive. In December and January, we've increased weightings in Murphy USA (service stations), Group1 Auto (car services) and Carriage Services (funerals) and other quasi-growth, including Valmont, Acuity Brands and Ulta Beauty. Overall, with uncertainty high, we want low debt and notice that with stocks jumping around on news; mean reversion is currently working better than extrapolation.

Risk Warnings Other Important Information

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The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITSIII).

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