

VT DE LISLE AMERICA FUND

Monthly Commentary

March 2025

Mar 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%
Feb 2025	-7.08%	-4.68%	+535.68%	-1.42%	+1.24%	+399.82%
Mar 2025	-5.17%	-9.61%	+502.80%	-5.75%	-4.59%	+371.06%

In March the Fund was down 5.17% and the S&P500 was down 5.75%. Sterling holders lost 7.53% as the pound rose from \$1.260 to \$1.292. Although this was another bad month, at least we showed some resilience against other indices which ranged from -5.7% for the S&P400 (mid-cap) to -10% for the Russell micro-cap. The small-cap indices were down 6.5% for the S&P600 and 7% for the Russell 2000. Our relative strength was helped by maintaining 11 – 13% liquidity throughout the month, finishing at 11% and heading lower. We were also helped by being overweight commodity-related sectors but were hurt by weak consumer cyclicals with retail, housing, financials and consumer durables underperforming.

The main disruptor in March was tariffs being consistently announced at a higher rate than anticipated. Consumer sentiment fell and joined investor sentiment in a very depressed place. This has put spending into a hiatus which is the type of shock that causes a recession. We think we may already be there although we won't know for a year or so after all the revisions have been made. Tariff-induced inflation expectations are now at 5% for year-end, compared with 2.8% today. Joining these two together brings back the word from the distant past: "stagflation".

For the weight of money in the market, stagflation has meant a valuation reset as the P/Es on the big growth stocks is reset lower. The NASDAQ100 was down 7.7% and the big companies are now down about 15% from last year's highs. For us, it eventually means our lower P/E stocks outperform but meanwhile the 'stag' part hurts smaller and cyclicals. We prefer this environment once recession is priced in. We feel we're nearly there looking at past cycle valuations and are neither selling nor adding.

The catharsis, recession and inflation also took the air out of the excited end of technology and the data-centre enthusiasm continued to unwind. However, there is relative strength in higher quality and we can now see the road ahead. The path of the US is to address the woes of Hillbilly Elegy (2016) by J D Vance. The free market since the Reagan era allowed trade to undercut the industrial base and this is no longer acceptable. Higher prices from tariffs hold an umbrella for US manufactures to eventually become substituted for expensive imports. The best way to help tariffs in this task is with a weaker dollar and we assume this is a long-term policy objective. Recession is an endogenous variable which can be fixed with confidence and cuts in interest rates and thus will be short-lived. There are clear investment implications and this point of clarity marks the end of the beginning of this bear market because it's a relief from the uncertainty which is always the worst of times. We are ready to add to cyclicals, keep P/Es and debt low and prefer weak dollar beneficiaries.

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

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