

It was the season of Darkness; it was the spring of hope.

Recently, Mondays have been positive with successive announcements of COVID-19 vaccine trial data. Pfizer and BioNTech were the first out of the gates an impressive 90% efficacy rate, which was subsequently upgraded to 95% and this has been followed by Moderna and most recently Oxford University and AstraZeneca (AZN/OU).

COVID-19 vaccines in Phase-three clinical trials

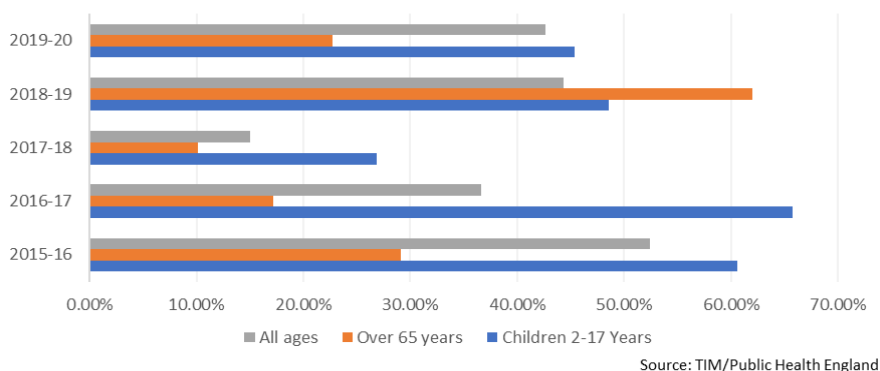
<u>Developer</u>	<u>Type</u>	<u>Doses</u>	<u>Participants in trial</u>	<u>Efficacy</u>
Johnson & Johnson*	Viral Vector	1	60,000	
AstraZeneca* & Oxford University	Viral Vector	1 ½ / 2	2,741 / 11,636	90% / 62%
Novavax	Inactivated	2	45,000	
Pfizer/BioNTech	mRNA	2	41,135	95%
Gamaleya (Sputnik V)	Viral Vector	2	43,600	92%
Moderna	mRNA	2	30,000	94.5%
Sinovac	Inactivated	2	27,980	

*Held in the VT Tyndall Global Select Fund Source: Company Data/The Economist

Emergency use approval is likely to be expedited in order that some of those categorised as 'high risk' will be able to be vaccinated before the year-end, however mass vaccination unlikely to roll out before 2021. With the onset of vaccination programmes consumer and industrial confidence is likely to return. For concerts, cinema chains, sporting fixtures, shopping centres, churches and the many other areas where congregations are likely to occur the news is a welcome beacon of hope in what have been dark months.

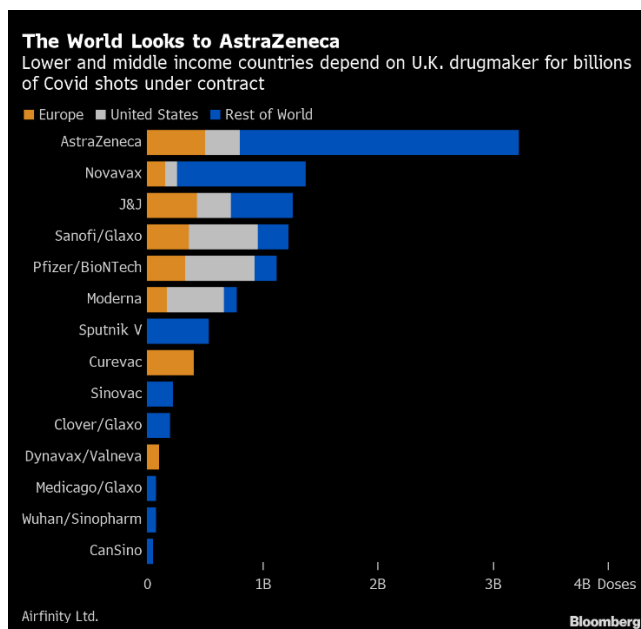
We believe that the approval of the AstraZeneca/Oxford University vaccine will be by far the most important of the drugs under development, despite its lower efficacy. To emphasise the point that a 90% efficacy is still a very positive result despite not being best in class, the chart below shows the efficacy of flu vaccines over the past five years.

Flu vaccine effectiveness in the UK

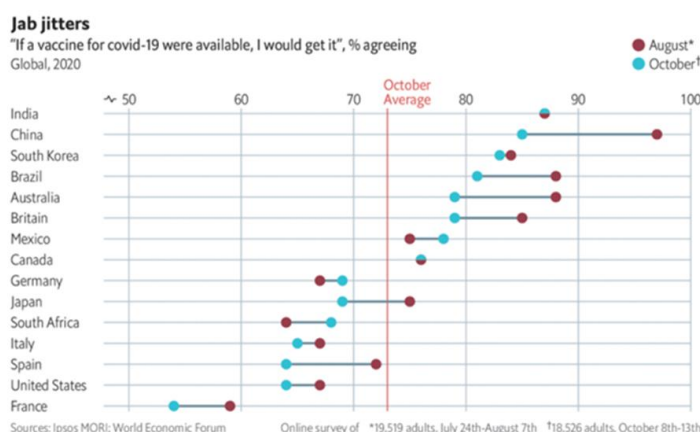


While the ease of transportation and delivery versus the mRNA based vaccines, which require storage at -70 degrees centigrade, is a major factor, we place greater weight on the decision by the managements of AZN/OU to deliver the vaccine at cost for the duration of the pandemic. We believe

that thinking of the benefits to society rather than shareholder returns is not only the sign of good leadership but also can result in outperformance in the long run. While there are other companies that have also pledged to deliver at cost, the initial indications suggest that Moderna will price their vaccine at £28, Pfizer at £15, compared to Oxford/AstraZeneca at £3 per dose.



Although the approval of AstraZeneca's vaccine will be lauded by the UK Government, who have pre-ordered 100 million doses, global vaccination is almost as important, if not more important than national immunity; the willingness to have a vaccination differs significantly by country. The travel industry is likely to remain in the doldrums if people feel that their destination is not safe, despite having been vaccinated themselves, and vice versa will be unhappy to accept visitors from nations still seen to be infected by the virus.



Despite our concerns about adoption rates, vaccine discoveries with efficacy rates above 90% is very good news, and should continue to buoy equity markets, removing the biggest tail risk coming from 2020. We see the US election result and possible UK-EU trade deals as mere market noise with short-term market implications. However, we believe that an end to COVID-19 is a game changer and will have a much longer and deeper impact not only on global equity markets but the world as a whole.

We laud all those chemists and physicians that have worked to produce vaccines to the virus, especially given that many of its close relations as yet remain immune to a vaccine despite years of trials.

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