

“Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.”

Those famous words were spoken, of course, by Winston Churchill following victory at El Alamein in November 1942. Whilst we are loathed to argue the global fight against the Covid-19 pandemic is in any way comparable to the Second World War, it does have the feeling of a global war of sorts – albeit one in which all of humanity are on the same side. So, it is tremendously exciting to report, perhaps, the first major positive breakthrough in this battle.

News emerged on Monday that the phase 3 vaccine trial from Pfizer and BioNTech had reached 90% efficacy in preventing Covid-19 – way above even the best expectations. For reference, the World Health Organisation suggests a target efficacy of at least 50%, while real world seasonal flu vaccines are typically 40-60% effective. The CEO of Pfizer commented that “Today is a great day for science and humanity”.

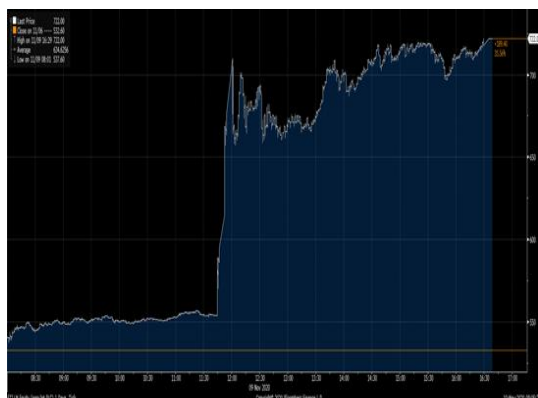
The news was greeted with euphoria in stock markets globally and particularly in the more ‘beaten up’ areas of the UK and Europe, with market indices rising 5% or more in several countries. Unsurprisingly, the stocks that rallied the hardest were those that have suffered the most through the pandemic – stocks in the travel and leisure area being an obvious example.

There are still a number of hurdles for this vaccine to jump before mass roll out can occur and, hence, a degree of caution emanating from politicians and public health experts is entirely understandable. However, it is undoubtedly a very positive development and with further trial results due imminently from the likes of Oxford University/AstraZeneca, Moderna and Novavax and further results from Johnson & Johnson, GlaxoSmithKline and Merck due in early 2021 we may even, to misuse Churchill’s quote above, actually be at ‘the beginning of the end’ in this pandemic war.

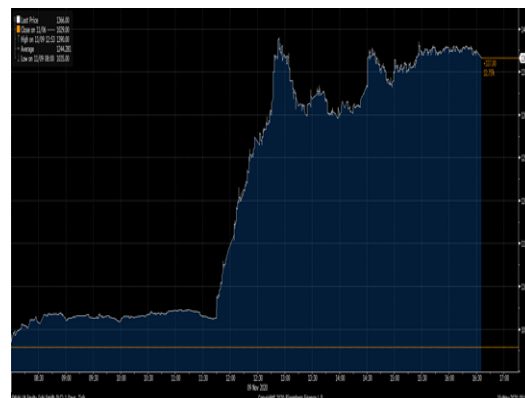
Our last weekly piece focussed on our key travel and leisure related investments and we ended our commentary as follows :

*‘..... we do know that buying these businesses, at these prices, affords us the patience to wait for what we feel sure will be considerable upside when the time comes. Who knows, that time may well come sooner than most people think. If so, that will be great, but if not, we are perfectly prepared to wait.’*

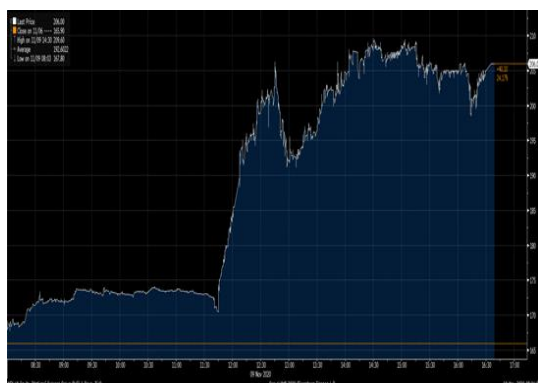
Sure enough, all four of the stocks mentioned – National Express, WH Smith, EasyJet and JD Wetherspoon had strongly positive share price reactions on Monday, ranging from +20% to +35%, as the one-day price charts below highlight:



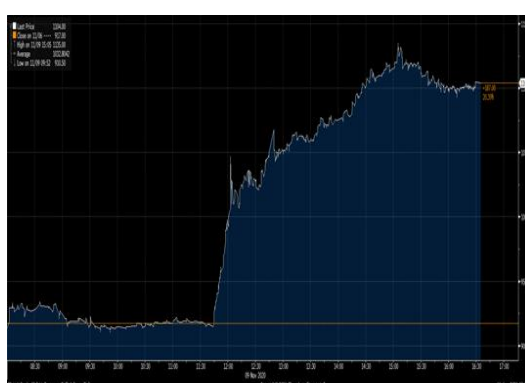
**EasyJet +35.6%**



**WH Smith +32.8%**



**National Express +24.2%**



**JD Wetherspoon +20.4%**

We are, of course, pleased to see these share price movements, and we hope this is the start of a sustained period of recovery and rehabilitation for these worthy franchises. We are fully prepared for there to be further setbacks along the way though as this remains a fast moving, highly unpredictable environment.

Nevertheless, we ultimately see significant further recovery potential in these, and many other UK stock market investments, as we continue down the path to victory in this war. By way of illustration, despite these one-day price moves, the 4 stocks above still have share prices that are down anywhere between -34% to -56% year to date. The road to complete recovery may well remain rocky, but we are confident it will prove highly fruitful in due course.

**Simon Murphy, Fund Manager, VT Tyndall Real Income Fund, 13<sup>th</sup> November 2020**

Data source (unless otherwise stated): Bloomberg

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