Vermeer Global Fund

July 2022

Investment Objective

The aim of the fund is to generate long term capital growth. The fund invests in a diversified portfolio of global equities that have an attractive growth potential. The portfolio will hold between 30 and 60 stocks.

Rolling Performance – Class A GBP

	1m	3m	6m	YTD
Class A	7.65%	-0.55%	-3.51%	-10.45%

	1 Year	3 Year	5 Year	ITD
Class A	-5.54%	24.56%	59.75%	83.01%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£55.4m
Estimated Yield	1.7%
No. of Holdings	57 holdings
Active Share	81.7%

Available Platforms:

7IM, AllFunds, Ascentric, Aviva for Advisors, Embark, FNZ, Hargreaves Lansdown, Novia, Pershing, Platform Securities, Raymond James, RBC, Rensburg, Succession, Transact, FundsNetwork, AJ Bell

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	183.008483
Class A3	0.25%	0.50%	£20million	136.434674
Class B	0.75%	1.00%	£5,000	164.726904
Class B1	0.75%	1.00%	$7,500	138.877416
Class C	0.75%	1.00%	£5,000	171.026924

**Ongoing Charge Fee*
Full explanation of the Fund's charges can be found on the KIID and the Costs & Charges sheet

Top 10 Stock Holdings

Stock	Weight
BP	4.30%
Microsoft	4.03%
Apple	4.00%
Novo-Nordisk	3.31%
Oracle	3.30%
Roche	2.98%
United Parcel Service	2.60%
Toyota Motor	2.59%
Amazon	2.54%
Keyence	2.51%
Cash	10.34%

Geographical Split

United States	42.23%
Europe	19.70%
United Kingdom	12.19%
Japan	11.05%
India	2.53%
Singapore	1.96%
Cash	10.34%

Sectors

Communication Services	6.36%
Consumer Discretionary	14.81%
Consumer Staples	5.71%
Energy	6.34%
Financials	2.68%
Healthcare	12.19%
Industrials	17.01%
Materials	3.32%
Technology	21.24%
Utilities	0.00%
Cash	10.34%

Monthly Performance Data – Class A GBP

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
2017	1.83%	3.16%	0.96%	-1.35%	5.19%	-1.18%	3.36%	3.97%	-2.29%	2.66%	0.39%	1.12%	18.99%
2018	1.29%	1.17%	-3.96%	2.87%	4.95%	-0.07%	1.07%	3.13%	0.03%	-7.61%	1.36%	-4.90%	-2.03%
2019	3.79%	2.40%	3.61%	2.88%	-1.43%	5.33%	5.12%	-1.75%	1.15%	-2.29%	3.84%	0.98%	25.90%
2020	-2.51%	-5.19%	-5.70%	7.56%	8.11%	2.63%	0.48%	3.82%	2.05%	-2.68%	6.76%	2.22%	17.60%
2021	-1.16%	-1.84%	2.60%	4.45%	0.01%	3.74%	2.10%	3.27%	-2.37%	2.87%	0.58%	1.11%	16.17%
2022	-7.19%	-2.36%	3.96%	-4.42%	-2.73%	-5.03%	7.65%						-10.45%

After a very difficult first half of the year, global equities performed very strongly in July. The results season has so far proven to be more resilient than feared and investors have sensed a peak in the inflationary pressures that have overshadowed markets in 2022. The Vermeer Global Fund returned 7.7% in July, slightly below global markets which rallied very strongly over the month.

As expected, the Federal Reserve maintained its very aggressive stance on rate increases to try and move to a far more restrictive monetary policy stance. At the same time as the Fed is trying to play catch up, having been far behind the curve, the US economy has shown considerable signs of slowing and in fact an initial read of second quarter GDP already places the economy in a technical recession. The European Central Bank and many other central banks around the world have also moved aggressively to try and normalise monetary policy with the exception of Japan who are steadfastly maintaining their loose policy. This has led to a substantial weakening of the Yen in 2022, although this did finally somewhat reverse course towards the end of July.

Over July the top five contributors to return were Apple, Amazon, Cameco, Oracle and Microsoft. The top five detractors to return were Newmont, Orange, Varonis Systems, Befesa and Varta.

The Fund again made very little changes over the month, slightly trimming our position in BP and reducing holdings in ASML and Apple following strong performance whilst adding a new position in Verisk Analytics. Verisk is a leading provider of actuarial and underwriting data to the insurance industry. The company has been improving its margins by disposing of underperforming business units and generates a high degree of recurring revenue from its subscription based business model with Verisk benefiting from an increasing use of data within the insurance industry.

Results from most of the US mega caps were fairly resilient and better than the market’s worst fears over July. Amazon’s results indicated that its retail business was showing no sign of macro headwinds affecting so many other retailers, notably Walmart which issued a substantial profit warning in late July. Amazon is clearly showing signs of honing its capital expenditure and is reigning back spending on warehousing and fulfilment centres. However, it is accelerating capex in AWS, its cloud infrastructure franchise, where growth trends are still excellent and driving overall group profitability. Cloud infrastructure growth was also a notable feature of both Microsoft and Alphabet’s results. All three companies continued to emphasise their clear belief that it is still very early in the adoption cycle for the cloud, which has been such a strong feature of the digital transformation which has accelerated markedly since the outbreak of the COVID pandemic.

We maintained cash levels of around 10% during July as we remain cautious about the outlook for the global stock market, although we are of course delighted that there has been a strong rally after such a difficult start to the year. Rarely, if ever, have there been so many economic cross currents for investors to deal with at the same time. The ongoing war in Ukraine and heightening geopolitical tension elsewhere, alongside rising interest rates at a time when the global economy is on the brink of recession, exacerbated by sharply rising energy costs and still impacted supply chains are all material challenges that companies are facing. US quantitative tightening is only just beginning, and we are yet to see what impact this is likely to have on asset prices in the future. As noted earlier, the rate at which inflation persists as we move into 2023 is ultimately going to be a key driver of markets as it will dictate how fast monetary policy can be eased in response to what is likely to remain a weak economic environment.