# Vermeer Global Fund

**November 2022**

VERMEER INVESTMENT MANAGEMENT

## 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 | 3.00% | 0.44% | 2.63% | -10.11% |

| | 1 Year | 3 Year | 5 Year | ITD |
|---|---|---|---|---|
| Class A | -9.11% | 24.01% | 53.17% | 83.71% |

| Portfolio Manager | Tim Gregory |
|---|---|
| Inception Date | 5th December 2016 |
| Base Currency | GBP |
| Dealing | Daily |
| Initial Charge | None |
| AUM | £54.8m |
| Estimated Yield | 1.7% |
| No. of Holdings | 57 holdings |
| Active Share | 82.5% |

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 | 183.706664 |
| Class A3 | 0.25% | 0.50% | £20million | 137.048265 |
| Class B | 0.75% | 1.00% | £5,000 | 165.186892 |
| Class B1 | 0.75% | 1.00% | $7,500 | 137.972233 |
| Class C | 0.75% | 1.00% | £5,000 | 171.504505 |

**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 | 4.76% |
| Microsoft | 3.73% |
| Apple | 3.71% |
| Oracle | 3.58% |
| Novo-Nordisk | 3.56% |
| Roche | 2.98% |
| Keyence | 2.69% |
| United Parcel Service | 2.59% |
| Toyota Motor | 2.40% |
| DBS Group | 2.27% |
| Cash | 10.81% |

### Geographical Split

| | |
|---|---|
| United States | 42.58% |
| Europe | 20.30% |
| Japan | 10.76% |
| United Kingdom | 10.74% |
| India | 2.54% |
| Singapore | 2.27% |
| Cash | 10.81% |

### Sectors

| | |
|---|---|
| Communication Services | 6.29% |
| Consumer Discretionary | 13.09% |
| Consumer Staples | 5.27% |
| Energy | 6.73% |
| Financials | 3.07% |
| Healthcare | 12.86% |
| Industrials | 17.25% |
| Materials | 3.27% |
| Technology | 21.36% |
| Utilities | 0.00% |
| Cash | 10.81% |

### 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% | -0.06% | -5.20% | 2.86% | 3.00% | | -10.11% |

## Commentary – November 2022

November was a strong month for global equities following an inflation report in the US that came in below expectations, sparking a huge rally in high beta growth stocks. The Vermeer Global Fund returned 3% over the month.

The S&P 500 rallied by 5.6% in November but for Sterling based investors, this was largely offset by what was the worst month for the US Dollar since 2010, weakening by 5% and by around the same against Sterling. The Pound rallied to move back above 1.20 at the end of the month, having briefly touched 1.03 at the end of September following the announcement of tax and spending proposals by the UK Government, which following the resignation of former Prime Minister Liz Truss, have been completely reversed.

After months of higher than expected inflation readings, the report released on 10th November was better than forecast. Core inflation fell back to 6.3% against expectations of 6.5% with the headline inflation reading falling to 7.7% from 8.2% in September. This immediately led to a reduction in expectations for future interest rate increases by the Federal Reserve as markets went from pricing in a 75bps rate hike in December to one of only 50bps, along with a slower pace of increases in 2023. This view was reinforced by the Chair of the Federal Reserve Jerome Powell in a speech on 30th November at the Brookings Institution.

Over November the top five contributors to return were Keyence, Novo Nordisk, BP, ASML and UPS. The top five detractors to return were Apple, Varonis Systems, Amazon, Roche and Jack Henry & Associates.

We introduced two new positions to the portfolio via IBM and UnitedHealth during the month as part of our policy to selectively add to equities. We have been following the considerable improvement that IBM has made as a company in recent years and believe that the company has turned a corner and its shares are being rewarded for the progress it has made. The company is benefiting from its hybrid cloud strategy to drive growth and still sells for a low valuation with a dividend yield of over 4% that the company intends to grow as part of its capital allocation strategy. IBM is a dividend aristocrat, having increased its dividend every year for the last twenty five years and is prioritising this proud record ahead of any share buybacks. The company also believes that it no longer needs to focus on debt repayment having brought its balance sheet back to a healthy position.

We took advantage of the significant underperformance of some of the more defensive parts of the market following the inflation print in early November to add UnitedHealth to the portfolio. We have long held high regard for UnitedHealth and its fast growing Optum business. We believe that the shift towards value based care and away from the fee for service model will benefit the company over the medium term. Whilst we acknowledge the political risks that come with investing in the US healthcare market, we remain comfortable that the business can manage through any changes in an adept manner and that the company will use 2023 to move back towards its long term earnings growth algorithm of 13-16% per year whilst returning excess capital to shareholders.

We are delighted that stocks have enjoyed a strong rally in the last two months and as stated previously, we have been modestly adding to our equity positions as opportunities have presented themselves. This is in contrast to the first nine months of the year when we were unequivocally cautious. After a strong run we are less inclined to chase stocks at these levels but are still looking for opportunities where they arise to add to new or existing holdings but may also use this recent strength to take profits in certain stocks if we believe they have run to far in the short term.