Vermeer Global Fund

April 2023

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	0.25%	2.09%	7.15%	7.42%

	1 Year	3 Year	5 Year	ITD
Class A	3.86%	36.28%	55.64%	91.11%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£58.2m
Estimated Yield	1.8%
No. of Holdings	57 holdings
Active Share	81.2%

Available Platforms:

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

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	191.112744
Class A3	0.25%	0.50%	£20million	140.706102
Class B	0.75%	1.00%	£5,000	171.636018
Class B1	0.75%	1.00%	$7,500	149.410409
Class C	0.75%	1.00%	£5,000	175.789295

**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	4.81%
Novo-Nordisk	4.31%
Microsoft	4.06%
Oracle	3.69%
Apple	3.27%
Keyence	2.64%
Roche	2.59%
United Parcel Service	2.21%
Davide Campari-Milano	2.20%
Linde	2.09%
Cash	9.96%

Geographical Split

United States	44.83%
Europe	20.68%
United Kingdom	10.97%
Japan	9.90%
Singapore	1.95%
India	1.71%
Cash	9.96%

Sectors

Communication Services	6.60%
Consumer Discretionary	11.12%
Consumer Staples	7.35%
Energy	6.81%
Financials	2.71%
Healthcare	13.63%
Industrials	16.73%
Materials	3.10%
Technology	21.98%
Utilities	0.00%
Cash	9.96%

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%	-3.15%	-12.94%
2023	5.22%	0.22%	1.61%	0.25%									7.42%

Commentary – April 2023

Global equities had a steady month in April, rallying into the month end as the US results season was generally supportive of markets, led mostly by helpful performance from the mega cap tech stocks, notably Microsoft, Meta Platforms and Alphabet. The large cap technology stocks have dominated performance this year, with Apple, Microsoft and the rest of the FAANG stocks accounting for 94% of the S&P 500 gains so far this year. The Vermeer Global Fund finished the month up 0.3%, above the flat return from global equity markets.

Over April the top five contributors to return were BP, Roche, Microsoft, Novo Nordisk and Orange. The top five detractors to return were Keyence, UPS, ASML, Toyota Motor and Caterpillar.

The Federal Reserve raised interest rates by another 25 basis points in early May as was widely expected. The Fed acknowledged that credit conditions have tightened whilst Chair Jerome Powell hinted at a potential pause in the hiking cycle but emphasised that the Fed was unlikely to reduce rates prematurely as they expect inflation to remain elevated through the end of the year. Despite the regional bank failures and evidence of a slowing US economy, it is clear that the Fed would like to remain focused on sticky inflation dynamics, notably helped by a continued backdrop of resilient employment and wage data and hope not to have to respond to the worsening situation in US regional banks.

We have had a zero weighted position in US banks since the middle of 2022 preferring to restrict any exposure, we have to the better growth prospects we see in Asia via DBS Bank in Singapore and HDFC Bank in India. Whilst it is tempting to look for recovery situations in the regional banking space, we remain concerned about exposure to commercial real estate, which may become increasingly difficult to finance given the much higher interest rate environment and different working patterns we now operate in compared to previous economic cycles. The failure of First Republic at the end of the month continues to strengthen the hand of the mega cap US banks such as JP Morgan who are acquiring First Republic's assets on what appear favourable terms. However, we remain concerned that the US banking industry may face greater regulation and will be forced to hold more capital rather than be able to return it to shareholders.

April was a very busy month for corporate earnings and Microsoft produced another stellar set of results. The business showed continued strength of its Azure cloud franchise where although growth has decelerated to only 27%, management expects this run rate to continue in the coming quarter as artificial intelligence related spending continues to accelerate. In fact, all three divisions at Microsoft were ahead of expectations in the most recent quarter, underlying the strength of its franchise. CEO Satya Nadella was keen to point out the already evident benefits of spending on AI and notably the improvement in performance of its search engine Bing, which is showing accelerating growth after many years of underperformance as ChatGPT is integrated into the product.

Global stock markets have performed much better than a lot of commentators expected so far this year. We are currently running around 10% cash and looking to deploy money into both new and existing ideas on a stock-by-stock basis rather than fixating on the overall direction of the market, which has become increasingly difficult to call given persistent inflation and a slowing global economy.