Vermeer Global Fund

June 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	2.44%	3.01%	10.38%	10.38%

	1 Year	3 Year	5 Year	ITD
Class A	15.52%	26.21%	53.47%	96.38%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£58.6m
Estimated Yield	1.7%
No. of Holdings	56 holdings
Active Share	79.9%

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	196.382172
Class A3	0.25%	0.50%	£20million	144.635624
Class B	0.75%	1.00%	£5,000	176.277120
Class B1	0.75%	1.00%	$7,500	155.111162
Class C	0.75%	1.00%	£5,000	180.542704

**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
Oracle	4.57%
Microsoft	4.42%
Novo-Nordisk	4.12%
BP	4.11%
Apple	3.68%
Keyence	2.72%
Roche	2.49%
Toyota Motor	2.34%
Davide Campari-Milano	2.33%
Nvidia	2.32%
Cash	8.51%

Geographical Split

United States	48.75%
Europe	18.95%
United Kingdom	10.17%
Japan	10.05%
Singapore	1.82%
India	1.75%
Cash	8.51%

Sectors

Communication Services	6.77%
Consumer Discretionary	11.61%
Consumer Staples	6.43%
Energy	6.35%
Financials	2.57%
Healthcare	13.37%
Industrials	16.23%
Materials	2.90%
Technology	25.26%
Utilities	0.00%
Cash	8.51%

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%	0.31%	2.44%							10.38%

Global stock markets exhibited considerable strength in the first half of 2023 rising by 9.5% in Sterling terms with the Vermeer Global Fund returning 10.4% over the period, outperforming the market by around 1%.

The very strong performance of technology stocks has dominated the market so far this year, driving the Nasdaq to gain over 32%. Shares in Apple, Amazon and Microsoft all rose by more than 40%, with shares in Meta doubling but these were all dwarfed by the performance of Nvidia, which increased 190% and became the latest company to exceed a market capitalisation of one trillion dollars. At the end of June Apple also crossed the three trillion dollar valuation level, greater than the entirety of the value of the FTSE and taking its multiple to over 30x earnings and leading us to review our current position. In June, the breadth of the market's performance widened out somewhat as bank stocks rebounded from a tough start to the year and cyclical stocks like Caterpillar enjoyed a strong rebound, rising 20% on the month to be modestly higher for the year.

Over June the top five contributors to return were Oracle, Toyota Motor, Caterpillar, Apple and Cameco. The top five detractors to return were Keyence, Roche, Alphabet, Sony and Treatt.

The US economy has proved resilient in the first half of 2023 with GDP rising 2% in the quarter following revisions at the end of the month and a similar level of growth seems likely for the second quarter. Despite continued increases in interest rates by the Federal Reserve, consumer spending has held up reasonably well, helped by a very robust labour market and wage growth that has helped stave off the worst vagaries of stubborn inflation. Expectations that inflation will remain stickier for longer has led to a re-evaluation of interest rate expectations, which are no longer forecast to fall this year. The Federal Reserve acknowledges that it has already moved rates up a long way over the last year and actually paused hiking in June. However, the Fed continues to suggest that rates will have to go higher again, probably as early as the next FOMC meeting in July. We would prefer the Fed to continue to hold rates at this level and see what develops rather than risk pushing them up too far, creating a recession and then having to bring rates down very quickly.

Japanese equities performed well over the first half, rising to their highest level since 1990. However, unfortunately for Sterling based investors, a lot of this move has been wiped out by the fall in the Yen which continues to be very weak as the Bank of Japan maintains its very low interest rate policy, having hinted at the end of 2022 that its yield curve control strategy might be coming to an end. We are retaining our overweight stance to the Japanese market and remain really positive about the improving corporate governance theme, which should continue to drive increased returns to shareholders at the same time as the economy performs relatively strongly and recovers from the COVID lockdown.

During June we added a new position in the Fund via the purchase of shares in Uber, the ride hailing and delivery business. Uber has gone from strength to strength in recent years, establishing a very strong financial platform for future success as it grows both new and existing business opportunities. While Uber shares have already performed well this year, we believe there is a long runway for the company to continue to grow and exceed its target of $5billion of EBITDA by 2024. Uber reported first quarter revenues of $8.8billion, up 29% with gross bookings growth of over 20% and record free cash flow of over $500million. CEO Dara Khosrowshahi commented "looking ahead, we are focused on extending our product, scale and platform advantages to sustain market leading top and bottom line growth beyond 2023."

While we have retained a fairly high cash weighting for most of the first half, we are reasonably comfortable with our current position as we see risks and rewards in equal measure in the next few months. We believe interest rates are going to remain higher for longer and that liquidity, which has been such a driver for the market, is likely to continue to be withdrawn by central banks. We also anticipate that the US economy will remain resilient helped by the investment that is being driven by a combination of the Chips Act, Infrastructure Bill, and the Inflation Reduction Act that all create real jobs and a multiplier effect for the economy. This should help offset a slowdown in other areas that are impacted by higher interest rates. We are continuing to look for new ideas to augment our portfolio and are also looking to add to existing positions where we see opportunities.

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