Vermeer Global Fund

July 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	0.95%	3.73%	5.89%	11.43%

	1 Year	3 Year	5 Year	ITD
Class A	8.32%	26.79%	53.29%	98.24%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£58.3m
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	198.243442
Class A3	0.25%	0.50%	£20million	146.031254
Class B	0.75%	1.00%	£5,000	177.902501
Class B1	0.75%	1.00%	$7,500	158.168042
Class C	0.75%	1.00%	£5,000	182.207417

**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	4.47%
BP	4.34%
Microsoft	4.34%
Novo-Nordisk	4.09%
Apple	3.70%
Keyence	2.57%
Nvidia	2.55%
Roche	2.51%
Cameco	2.50%
Toyota Motor	2.44%
Cash	7.18%

Geographical Split

United States	49.81%
Europe	18.96%
United Kingdom	10.36%
Japan	9.99%
Singapore	2.00%
India	1.70%
Cash	7.18%

Sectors

Communication Services	6.95%
Consumer Discretionary	11.66%
Consumer Staples	6.46%
Energy	6.85%
Financials	2.72%
Healthcare	13.40%
Industrials	16.23%
Materials	3.02%
Technology	25.53%
Utilities	0.00%
Cash	7.18%

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%	0.95%						11.43%

Commentary – July 2023

Global stock markets continued to perform well in July, rising by just over 2% with the Vermeer Global Fund increasing 1% over the same period.

At the end of the month, the Federal Reserve announced a 0.25% rise in interest rates as was widely expected having paused hiking rates in June. The US economy has continued to be resilient and showed GDP growth of 2.4% in the second quarter, ahead of most economists' expectations, many of whom were forecasting the economy to be in recession following the aggressive raising of interest rates over the last year. The US economy has clearly benefited from the fiscal stimulus provided by the Chips Act, Infrastructure Bill and the Inflation Reduction Act as business fixed investment grew 7.7% annualised in the quarter and added a full point of contribution to growth, with these bills helping support the jobs market as other areas of the economy slow. Spending on travel and leisure activities also remains solid and supportive of the labour market, where unemployment continues to be at very low levels. The recent economic data cements our view that interest rates are going to remain high for some time and expectations of material cuts in 2024 may prove wide of the mark.

Over July the top five contributors to return were Cameco, BP, Nvidia, Alphabet and DBS Group. The top five detractors to return were Oxford Instruments, Keyence, Compass, Zimmer Biomet and Microsoft.

Microsoft and Alphabet posted quarterly results at the end of the month and hosted conference calls that contained a combined 145 references to artificial intelligence! Both companies produced good results with Alphabet notably beating expectations and seeing their shares rise strongly on the day following the results. In contrast, although Microsoft's results continued to show the very healthy growth of the Azure Cloud business that has been a key driver of the company's performance, shares fell modestly reflecting the incredibly strong performance in 2023 so far and the very high expectations investors had going into the results. Microsoft shares have risen by over 40% this year while Alphabet shares are also up a very healthy 50%.

The healthcare sector has been tricky so far in 2023, with varying performance across the different sub sectors. A notable theme in the space this year has been the rebound in elective procedures and treatment numbers in hospitals. This was called out by medical device and hospital companies in the first quarter and early indications this results season is that this has continued. Robotic surgery company Intuitive Surgical once again upgraded its guidance on the back of strong procedures and despite its lofty valuation, we continue to believe that it is the best placed company to benefit from the growth of robotic surgery along with its ability in the future to leverage the data set that it collects.

On the back of the strength in elective procedures, the managed care space struggled during the quarter following comments at a conference from UnitedHealth that this rebound had led to higher costs than initially forecast. Shares struggled until earnings where the company announced that although costs were higher, they were not as bad as the market had feared with other parts of the business able to compensate, leading to a rebound. We continue to believe that UnitedHealth is a very well managed business and will benefit from the shift to value based care, but we are continuing to monitor the political landscape as we head into an election year, which is a time when this sector typically struggles.

Cash is sitting at around 7% of the overall portfolio at the end of the month, which reflects a balance between the strong recent performance of the market and therefore some concern over stretched valuations and the opportunities we continue to see in a number of new situations that we are currently looking at and may be added to the portfolio over the coming months.