Vermeer Global Fund

September 2023

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	-1.17%	-0.56%	2.44%	9.76%

	1 Year	3 Year	5 Year	ITD
Class A	12.63%	17.90%	46.38%	95.28%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£51.9m
Estimated Yield	1.8%
No. of Holdings	58 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%	0.85%	£3million	195.284453
Class A3	0.25%	0.65%	£20million	143.898890
Class B	0.75%	1.15%	£5,000	175.160715
Class B1	0.75%	1.15%	$7,500	148.013642
Class C	0.75%	1.15%	£5,000	179.399284

**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
Microsoft	4.80%
Oracle	4.36%
BP	4.20%
Cameco	3.32%
Novo-Nordisk	3.11%
Toyota Motor	3.08%
Nvidia	2.58%
Alphabet	2.58%
Keyence	2.51%
Linde	2.43%
Cash	4.43%

Geographical Split

United States	53.20%
Europe	18.10%
Japan	10.40%
United Kingdom	10.25%
India	1.92%
Singapore	1.70%
Cash	4.43%

Sectors

Communication Services	8.17%
Consumer Discretionary	12.64%
Consumer Staples	6.62%
Energy	8.04%
Financials	2.47%
Healthcare	14.52%
Industrials	17.74%
Materials	1.78%
Technology	23.59%
Utilities	0.00%
Cash	4.43%

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%	-0.33%	-1.17%				9.76%

Commentary – September 2023

September was a difficult month for global equities driven almost exclusively by the inexorable rise of global bond yields even as the aggressive rate tightening cycle of central banks is likely to be coming towards its end. Overall, global equities declined by 4.4% in US Dollar terms over the month but as the pound weakened, the decline for Sterling based investors was restricted to just under 1% with the Vermeer Global Fund falling by 1.2%.

The shift higher in global bond yields has put considerable pressure on equity markets as the move in asset allocation to cash and bonds continues, marking the end of the so called TINA trade (there is no alternative to equities) that for so long has helped the performance of global equities. In the third quarter of 2023 two year Treasury yields increased by 15 basis points from 4.90% to 5.05%. Ten year Treasury yields moved up by a far more significant 75 basis points to 4.60% while thirty year yields increased 85 basis points to 4.70%.

Over September the top five contributors to return were BP, Cameco, Toyota Motor, UnitedHealth and T-Mobile US. The top five detractors to return were Oracle, Nvidia, Keyence, Moncler and Davide Campari-Milano.

In China, despite universally bearish sentiment driven understandably by the significant problems in the real estate market and high levels of unemployment, particularly among the younger age demographic, there is evidence of a modest improvement in the economy which is responding to stimulus measures. The Chinese Government continues to implement policies to aid a recovery whilst clearly trying to avoid a recurrence of the excess liquidity that has helped fuel property booms in the past. Retail sales clearly improved in August and the recent results from Nike also confirmed that its business is performing well in China and is on an improving trend. Nike results actually highlighted that the overall business continues to perform well despite very negative investor sentiment that had seen the stock decline by around 20% this year before rallying strongly on its results at the end of the month.

Oracle results disappointed investors and lead to a substantial bout of profit taking after very strong performance so far in 2023. Oracle shares declined 12% in September but were still up around 31% year to date at the end of the month, well ahead of the S&P 500. We remain confident that the company is in a strong position to deliver on its longer term revenue forecast of high single digit growth and powerful cash flow generation and trades on just under 17x fiscal 2025 earnings. For a company at the heart of the ongoing transition of data moving to the cloud and the opportunity from artificial intelligence, this multiple appears to us to remain very attractive.

Accenture announced resilient results at the end of the month which continued to highlight its strong position in facilitating the digital transformation for a vast number of global companies who are adopting cloud infrastructure. These firms are now trying to understand the next great challenge – how to successfully implement the benefits of the cloud and artificial intelligence. It is clearly very early in this process for many companies, but it is also likely to provide the next leg of growth for Accenture as they help companies adopt cloud technology, edge computing and AI at what Accenture refer to as the "digital core."

Although we faced some pressure from this rotation away from equities in the last quarter, we have maintained our cash levels at over 4% and remain cautious about the prospects for the market as rising bond yields are a clear negative. We often say that the upcoming results season will be pivotal to markets but as we move to the third quarter reporting season in the next few weeks, we feel this is even more crucial than usual if the market is going to regain stability and stage a rally into the year end.