Vermeer Global Fund

October 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	-1.83%	-3.29%	0.32%	7.76%

	1 Year	3 Year	5 Year	ITD
Class A	7.49%	18.93%	55.54%	91.72%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£49.4m
Estimated Yield	1.9%
No. of Holdings	59 holdings
Active Share	79.5%

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	191.716318
Class A3	0.25%	0.65%	£20million	141.294419
Class B	0.75%	1.15%	£5,000	171.915047
Class B1	0.75%	1.15%	$7,500	144.723210
Class C	0.75%	1.15%	£5,000	176.075076

**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	5.43%
BP	4.18%
Oracle	4.02%
Cameco	3.62%
Novo-Nordisk	3.45%
Toyota Motor	3.09%
Keyence	2.74%
Linde	2.63%
Alphabet	2.58%
Nvidia	2.56%
Cash	3.64%

Geographical Split

United States	54.02%
Europe	18.31%
Japan	10.82%
United Kingdom	9.83%
India	1.94%
Singapore	1.44%
Cash	3.64%

Sectors

Communication Services	8.52%
Consumer Discretionary	12.78%
Consumer Staples	6.63%
Energy	8.32%
Financials	2.23%
Healthcare	14.79%
Industrials	17.28%
Materials	1.81%
Technology	24.00%
Utilities	0.00%
Cash	3.64%

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%	-1.83%			7.76%

Commentary – October 2023

October was an extremely difficult month for equities despite the market rally into the month end. The S&P 500 declined just over 2%, with the equal weighted S&P falling over 4%, leading to a decline in global equities of over 2.5% over the month. Performance in Sterling terms was fractionally better thanks to the continued weakness of the pound. The Vermeer Global Fund fell 1.8% over October with a number of stocks in the portfolio suffering declines on results that were actually generally quite resilient.

The outbreak of hostilities in the Middle East has added to uncertainty for global markets that were already struggling with the likelihood of higher interest rates for a longer period of time. In the US, two, ten and thirty year yields all ended the month hovering around 5% and as yet, have not shown any of the real strength that is often seen at times of heightened geopolitical uncertainty. We believe this increased uncertainty raises the chances that most central banks have now finished raising rates and should now be on hold for a prolonged period having moved rates up so quickly to combat inflation in the last eighteen months.

The Bank of Japan modestly changed policy following their meeting at the end of the month. While the BoJ officially kept their ultra loose zero interest rate policy in place, Governor Ueda amended the 1% yield curve control ceiling on ten year bonds to a reference point rather than a fixed ceiling for yields. The Yen has remained very weak against both the US Dollar and Sterling, which continues to be a hindrance to Fund performance.

Over October the top five contributors to return were Microsoft, Novo-Nordisk, Cameco, Varonis Systems and Amazon. The top five detractors to return were Caterpillar, BP, Sanofi, Oxford Instruments and UPS.

The earnings season has been mixed and while many companies have beaten expectations at the headline earnings level, the market has been extremely unforgiving of any stocks that have guided cautiously or given very cautious commentary about their business model. Results from Keyence, Shimano and Obic in Japan were all reassuring, and we continue to look for opportunistic situations that reflect the significant shift that is occurring in corporate governance and the likely increase in improving shareholder returns. Toyota shares have already seen a material improvement in performance in the last six months since they were one of the companies that was singled out to do more to improve its capital allocation policy and review a vast number of cross holdings. At the end of the month, Toyota also released a solid set of results, benefiting from the weak yen and upgrading guidance.

Microsoft, IBM and Amazon all produced strong results and did see a positive reaction to their stock prices. Microsoft's results once again highlighted the strength of the moat it has created in the digital transformation and specifically their leadership in artificial intelligence that is now embedded in its offering. This is leading to accelerating growth in its Azure cloud business and also aiding other parts of its portfolio which are proving very resilient at a time of great economic uncertainty.

The sharp rise in longer term interest rates is leading to a reset in the earnings multiples of many companies at a time of increased uncertainty for both global geopolitics and economies. Although many of our companies are producing resilient results, share prices are being hit in many cases by the uncertain outlook that lies ahead. In some cases, this is leading to long term investment opportunities, but overall equity markets continue to be impacted by outflows to both cash and bonds as we have described over the last few months. This is unlikely to change in the near future, so we are continuing to take a very vigilant approach to all our investments and expect this to carry on until the year end.