Vermeer Global Fund

November 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	5.44%	2.30%	5.45%	13.62%

	1 Year	3 Year	5 Year	ITD
Class A	10.04%	17.47%	61.80%	102.15%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£49.8m
Estimated Yield	1.7%
No. of Holdings	59 holdings
Active Share	79.0%

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	202.146070
Class A3	0.25%	0.65%	£20million	149.005611
Class B	0.75%	1.15%	£5,000	181.222877
Class B1	0.75%	1.15%	$7,500	158.471368
Class C	0.75%	1.15%	£5,000	185.608138

**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	5.83%
Oracle	4.33%
Cameco	3.90%
Toyota Motor	3.27%
Novo-Nordisk	3.10%
Keyence	2.93%
Nvidia	2.81%
Linde	2.73%
Ferrari	2.68%
Alphabet	2.64%
Cash	1.78%

Geographical Split

Region	Weight
United States	57.13%
Europe	18.31%
Japan	11.13%
United Kingdom	8.67%
India	1.94%
Singapore	1.04%
Cash	1.78%

Sectors

Sector	Weight
Communication Services	9.69%
Consumer Discretionary	13.66%
Consumer Staples	5.86%
Energy	6.88%
Financials	1.84%
Healthcare	13.72%
Industrials	18.97%
Materials	1.85%
Technology	25.75%
Utilities	0.00%
Cash	1.78%

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%	5.44%		13.62%

Commentary – November 2023

November proved to be an incredibly strong month for equities as investors warmed to lower inflation data and the possibility that a Fed pivot on interest rates is much closer than seemed likely a few months ago. Global equities finished the month 9% higher in US Dollar terms and 5% in Sterling as the S&P also rallied 9% with similar performances from both Europe and Japan. The Vermeer Global Fund rose 5.4% over the month, impeded by the strength of Sterling in absolute terms with Sterling ending just under 4% stronger versus the US Dollar in November.

US inflation data released in November came in below expectations and led to strong performance from the US bond market. Ten year Treasury yields touched 5% in the middle of October and fell back materially to finish the month at 4.33%, helping sentiment in equity markets. Federal Reserve Governor Christopher Waller noted at the end of November that he was increasingly confident that policy was well positioned, and the US economy was slowing, and that the Fed was on track to get to 2% inflation and could potentially ease interest rates if inflation continued to fall for the next three to five months.

European inflation data that was released right at the end of the month was also below expectations. However, it is expected to modestly reaccelerate in December due to base effects from government help on energy prices last year, particularly in Germany with markets now starting to price in a number of rate cuts from the ECB next year, beginning in Q2.

Over November the top five contributors to return were Microsoft, Ferrari, Oracle, Cameco and Schneider Electric. The top five detractors to return were Shiseido, BP, Davide Campari-Milano, Occidental Petroleum and DBS Group.

We added a new position to the portfolio in November via the purchase of Rolls Royce. Although the stock has already rallied strongly this year, we believe this is just the beginning of a multiyear recovery in a business that has been under-managed for many years. New CEO Tufan Erginbilgic has been getting to grips with the underperforming civil aerospace business that made only 2.5% margins in 2022, with these now forecast to increase to around 15% by 2027. This is all part of a broader strategy to grow and achieve £3billion in annual cash flows by 2027 from a combination of the civil aviation, power systems and defence divisions. In addition, Rolls has an emerging opportunity in the nuclear power industry via small modular reactors that we believe will have a significant role to play in the energy transition. We already hold a significant position in nuclear energy via our holding in Cameco, which has performed well as politicians and investors have realised that the nuclear industry must play a vital role in the energy transition.

We also added a new position in Netflix, which is a stock we have owned in the past and has been very volatile since the peak share price of just under $700 back in November 2021. We feel that Netflix has reached a cash flow inflection and that in a challenging economic environment its product offers consumers good value for money. As part of their value for money drive, management introduced an advertising supported tier, which now represents 30% of new subscribers and the company believe that targeted advertising will help further increase engagement with new customers. We expect earnings growth to be very strong over the next couple of years, which will bring down the earnings multiple very quickly to what we believe is an attractive level.

We have allowed cash to run down to what are low levels reflecting a more optimistic stance created by the lower inflationary environment. It remains an open question as to how far rates may or may not fall next year but for now sentiment has improved as the Fed should be finished with raising rates as we hoped would be the case some months ago. Given our lower cash position we are ever more vigilant to the risks in markets from left field events and are ready to pivot back to a more cautious stance if necessary.

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