Vermeer Global Fund

January 2024

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	2.97%	11.09%	7.43%	2.97%

	1 Year	3 Year	5 Year	ITD
Class A	13.76%	22.50%	72.69%	112.97%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£48.6m
Estimated Yield	1.6%
No. of Holdings	56 holdings
Active Share	79.1%

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	212.972539
Class A3	0.25%	0.65%	£20million	154.119988
Class B	0.75%	1.15%	£5,000	190.831605
Class B1	0.75%	1.15%	$7,500	167.719778
Class C	0.75%	1.15%	£5,000	191.827521

**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	6.22%
Cameco	4.12%
Nvidia	3.75%
Toyota Motor	3.60%
Novo-Nordisk	3.48%
Oracle	3.30%
Keyence	3.15%
Alphabet	2.84%
Ferrari	2.62%
Linde	2.52%
Cash	1.44%

Geographical Split

United States	57.61%
Europe	19.23%
Japan	11.09%
United Kingdom	8.72%
India	1.91%
Cash	1.44%

Sectors

Communication Services	10.15%
Consumer Discretionary	13.12%
Consumer Staples	5.55%
Energy	6.65%
Financials	0.77%
Healthcare	14.02%
Industrials	19.81%
Materials	1.73%
Technology	26.76%
Utilities	0.00%
Cash	1.44%

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%	2.31%	16.25%
2024	2.97%												2.97%

Commentary – January 2024

Global equities rose just over 1% in January with the Vermeer Global Fund returning 3% for the period helped by strong performance from key holdings including ASML, Microsoft, Nvidia, Cameco, Toyota Motor, Eli Lilly and Novo Nordisk. Japanese equities had a notably strong start to the year in local currency terms, with the Nikkei rising 8.4%, but this was once again negated somewhat by the weakness of the Yen, which fell by around 4% against Sterling in January alone. Markets were led by similar trends that dominated market performance in 2023 as once again US interest rates and artificial intelligence were the dominant themes.

Over January the top five contributors to return were Nvidia, Cameco, Toyota Motor, Microsoft and ASML. The top five detractors to return were Newmont, Davide Campari-Milano, UPS, HDFC Bank and Obic.

The Federal Reserve signalled in late 2023 that it believed three interest rate cuts were likely in 2024, while interest rate futures almost immediate priced in as many as six cuts over the same period. This looked to us to be a very aggressive positioning unless the US economy fell into a much sharper recession than is currently being forecast. Expectations for a first rate cut in March were also priced in, but this has subsequently been reduced sharply following the Fed meeting in January and the latest set of economic data in early February.

Artificial intelligence remains a dominant investor theme as increased adoption, while really in its infancy, is a key driver to sentiment for many stocks. Once again shares in Nvidia led the US market higher, rising by 24.2% in January adding to its massive rise from depressed levels in 2023. Nvidia now has a market capitalisation of over $1.5trillion and is a 3.8% position in our portfolio. Both Alphabet and Microsoft announced significant increases in capital expenditure for servers and data centres to meet increasing demand for cloud services and AI related products, which bodes well for sustainable growth in GPU chip demand in 2024 and beyond.

ASML, the world's leading manufacturer of lithography machines for chip makers reported results in January which we believe will mean 2024 will represent the bottom of the cycle and that revenue growth will reaccelerate in 2025 and enable the company to exceed the guidance it gave for both 2025 and 2030. Although short term results have been mixed, order intake in its most recent quarter was very strong, exceeding expectations by a very wide margin and driving a very strong share price response.

IBM's quarterly results consolidated some of the major trends in its business which first attracted us to the shares. Since the relatively new management team of Arvind Krishna and James Kavanaugh relaunched IBM's strategy in 2020, the proportion of software and consulting has grown from 50% of revenue to 75% in 2023. The major driver of top and bottom-line performance has been software, where Red Hat has been a transformative acquisition and is seeing accelerating growth, and consulting. The greater exposure to these areas alongside improved margins, better cost control and a cost reduction programme is leading to significantly improved cash flow.

We are maintaining a virtually fully invested stance at the current time, which reflects cautious optimism that the US economy will navigate a path of economic growth and lower inflation which will enable interest rates to fall as the year progresses. We believe that there will be similar moves in Europe and the UK, which hopefully will reduce the risk of recession in both those economies. Japanese stocks are being driven higher by a combination of loose monetary policy and improved corporate governance, which we believe will be a healthy combination for continued strong performance in 2024.