Vermeer Global Fund

February 2024

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	5.97%	11.64%	14.21%	9.12%

	1 Year	3 Year	5 Year	ITD
Class A	20.29%	32.24%	78.71%	125.68%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£49.6m
Estimated Yield	1.5%
No. of Holdings	55 holdings
Active Share	78.7%

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	225.679935
Class A3	0.25%	0.65%	£20million	163.341722
Class B	0.75%	1.15%	£5,000	202.169856
Class B1	0.75%	1.15%	$7,500	176.802580
Class C	0.75%	1.15%	£5,000	203.224944

**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	6.37%
Nvidia	4.75%
Toyota Motor	4.19%
Novo-Nordisk	3.62%
Oracle	3.25%
Keyence	3.20%
Ferrari	3.17%
Linde	2.75%
ASML	2.64%
Schneider Electric	2.62%
Cash	1.96%

Geographical Split

United States	56.23%
Europe	19.95%
Japan	11.36%
United Kingdom	8.57%
India	1.93%
Cash	1.96%

Sectors

Communication Services	9.56%
Consumer Discretionary	14.65%
Consumer Staples	5.32%
Energy	4.83%
Financials	0.72%
Healthcare	14.30%
Industrials	21.24%
Materials	0.25%
Technology	27.17%
Utilities	0.00%
Cash	1.96%

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%	5.97%											9.12%

Commentary – February 2024

February was another strong month for global equities which are now up around 5.5% for the year and up 6.7% in Sterling terms. After strong performance in January, the Vermeer Global Fund kept pace with the market in February and is up 9.1% year to date and continues to run with a fully invested position. Markets have continued to perform well despite a paring back of interest rate cut expectations in the United States, where the latest inflation report was modestly higher than expected. While inflation has fallen very quickly from its highest levels, it is possible that getting to the Federal Reserve's ultimate 2% target from the current 2.8% inflation rate may prove the most challenging.

Japanese equities continued their very positive start to the year, with the Nikkei up 17% over the first two months and rising above a level of 38,915 set some 44 years ago. While the Yen continues to weaken, this has been more than offset by strong market performance.

Over February the top five contributors to return were Nvidia, Toyota Motor, Ferrari, Schneider Electric and Amazon. The top five detractors to return were Cameco, Sony, Newmont, Roche and Treatt.

The dominant market theme of artificial intelligence once again came to the fore in February and was spurred on by the astonishing set of results from Nvidia. Nvidia's results handsomely beat very lofty expectations with incredible strength in data centres, dwarfing the other segments of the business and reaching nearly $18billion of sales out of a company total of $21billion while guiding to strong sequential growth indicating $25billion of company revenue next quarter. Chief Executive Jensen Huang described the current environment as an inflection point for AI adoption with a trillion dollar market opportunity created by the upgrade of general purpose computing to AI factories. Nvidia has established a material lead over its competition and its ability to innovate may well enable it to maintain its advantage.

Newmont produced a very poor set of results, which showed weak production, weak cash flow and lacklustre guidance. We have reluctantly decided to move to the sidelines and cut our position in this stock. We believe there is too much uncertainty regarding the successful integration of the Newcrest acquisition that the company closed last year and were particularly disappointed with the second reduction in the quarterly dividend payment in a year to just $1 per year from a level of $2.24 in 2022.

We introduced Uber to the portfolio last year and the company's management struck an upbeat tone for its long term opportunities at its recent investor event that exuded confidence in future prospects and sent Uber's share price to all-time highs. Having been perennially loss making for many years, Uber has been transformed under CEO Dara Khosrowshahi to a profitable business in the last year that is now forecasting that it will continue to grow EBITDA at a compound rate of 30-40% over the next three years, which could see EBITDA surpass $10billion. We believe these forecasts are achievable as the company has a multitude of opportunities to use its platform to expand well beyond the scope of ride hailing and food delivery.

We acknowledge that there are market risks which include rising geopolitical tensions, increased political uncertainty and the possibility that investors become disappointed that substantial interest rate cuts that were priced in at the end of last year fail to materialise if inflation remains sticky. As always, we have a number of ideas that we are looking to add to the portfolio and have plenty of scope to do this as the fund now holds 55 positions with the ability to move up to 60 if we deemed it to be an appropriate diversification of our strategy.