Vermeer Global Fund

July 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	-1.15%	3.48%	10.64%	13.93%

	1 Year	3 Year	5 Year	ITD
Class A	18.86%	21.62%	60.37%	135.63%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£56.0m
Estimated Yield	1.5%
No. of Holdings	57 holdings
Active Share	77.8%

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	235.633031
Class A3	0.25%	0.65%	£20million	170.688187
Class B	0.75%	1.15%	£5,000	210.821523
Class B1	0.75%	1.15%	$7,500	187.742076
Class C	0.75%	1.15%	£5,000	211.921761

**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	5.04%
Nvidia	4.64%
Oracle	3.54%
Novo-Nordisk	2.63%
Toyota Motor	2.63%
Keyence	2.43%
Amazon	2.41%
Alphabet	2.35%
Schneider Electric	2.29%
Ferrari	2.20%
Cash	8.64%

Geographical Split

United States	52.63%
Europe	16.56%
Japan	11.37%
United Kingdom	8.86%
India	1.94%
Cash	8.64%

Sectors

Communication Services	8.48%
Consumer Discretionary	13.40%
Consumer Staples	5.69%
Energy	5.52%
Financials	1.51%
Healthcare	14.18%
Industrials	18.40%
Materials	1.11%
Technology	23.07%
Utilities	0.00%
Cash	8.64%

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%	5.44%	2.31%	16.25%
2024	2.97%	5.97%	3.49%	-2.50%	1.97%	2.66%	-1.15%						13.93%

Commentary – July 2024

Global equities were very volatile in July but ended the month broadly unchanged. However, that disguised a significant rotation away from the technology sector and into other areas of the market that have struggled for a lot of 2024. The Vermeer Global Fund declined around 1% in the month but remains just under 14% higher year to date.

The Federal Reserve once again left US interest rates unchanged at the end of the month but cleared the path for the first cut in rates in September. However, weaker economic data after the end of the month in the form of a poor manufacturing ISM number and a softer than anticipated July jobs report that highlighted fewer jobs being created and a 0.2% increase in the unemployment rate have significantly increased the expected pace of rate cuts.

At the same time as the US is beginning a new rate cutting cycle, the Bank of Japan decided to raise interest rates on the last day of July to "around" 0.25%. Inevitably, this has led to a major negative market reaction. In the period of time since the Yen bottomed around 10th July, the Yen has now strengthened by over 11% against the US Dollar with the Nikkei declining by nearly 25% in the same period, including its largest one day decline since 1987.

The so-called Yen "carry trade" has been one of the most enduring and successful trades for global investors for a long period of time. We are clearly seeing a material unwind of this trade. While we expected some unintended consequences of this unwind, it has been much faster and much more severe than we anticipated. We have been holding higher than normal levels of cash due to this uncertainty with the Fund's cash balance ending the month at around 8.5%. While we do not know how long it may take for markets to settle down, we remain positive on the fundamental investment thesis for Japan and are monitoring the market with an eye to putting some of this cash to work.

Over July the top five contributors to return were Roche, Varonis Systems, IBM, Cranswick and UnitedHealth. The top five detractors to return were Microsoft, Novo Nordisk, Nvidia, Eli Lilly and ASML.

We have added to our position in Unilever following a much improved set of results this quarter. New management is showing positive signs of executing a clear strategy to reduce poorly performing brands and focus on higher growth areas of the portfolio. The company plans to spin off or sell its ice cream business and has already announced several disposals, which we expect to accelerate and see the company focusing more on its beauty and household brands segments and less on food, despite both Knorr and Hellman's continuing to perform well. We believe this could lead to Unilever growing materially faster than its current forecast of 3-5% and would free up capital to make further acquisitions in faster growth areas and returning more of this capital to shareholders. Unilever shares are up around 28% this year but have still materially underperformed over the last five years and are only just above where they traded following the unsuccessful bid by Kraft Heinz back in February 2017.

As we move towards the uncertainty around the US elections and the impact of the unwind of the Yen carry trade, we intend to retain a higher than normal level of cash, having run fully invested for most of the year. Despite our near term caution, we are finding many new opportunities to invest in and are taking the opportunity to add to existing positions that have struggled to perform despite producing satisfactory results.