

Vermeer Global Fund

August 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	-0.33%	3.07%	5.32%	11.06%

	1 Year	3 Year	5 Year	ITD
Class A	8.03%	21.73%	48.15%	97.60%

Portfolio Manager

Tim Gregory

Inception Date 5th December 2016

Base Currency GBP

Dealing Daily

Initial Charge None

AUM £53.8m

Estimated Yield 1.7%

No. of Holdings 57 holdings

Active Share 80.9%

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	197.595504
Class A3	0.25%	0.65%	£20million	145.578694
Class B	0.75%	1.15%	£5,000	177.275869
Class B1	0.75%	1.15%	\$7,500	155.633875
Class C	0.75%	1.15%	£5,000	181.565621

*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	4.65%
Oracle	4.62%
Novo-Nordisk	4.46%
BP	3.73%
Cameco	2.89%
Toyota Motor	2.76%
Nvidia	2.73%
Keyence	2.62%
Roche	2.62%
Alphabet	2.50%
Cash	4.48%

Geographical Split

United States	51.37%
Europe	20.91%
United Kingdom	10.25%
Japan	9.58%
India	1.83%
Singapore	1.58%
Cash	4.48%

Sectors

Communication Services	7.55%
Consumer Discretionary	12.86%
Consumer Staples	6.57%
Energy	6.62%
Financials	2.33%
Healthcare	13.92%
Industrials	17.65%
Materials	2.97%
Technology	25.05%
Utilities	0.00%
Cash	4.48%

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%					11.06%

Global equities were slightly lower in August having recovered from falling over 4% in Sterling terms in the middle of the month to finish just 0.7% lower. The Vermeer Global Fund declined slightly in August, just under 50bps better than the overall market.

The Jackson Hole Symposium at the end of the month reaffirmed the Federal Reserve's continuing commitment to bringing inflation back to 2%. In the short term, interest rate expectations suggest it is 50/50 whether there will be one more rate hike this year with a cut in rates now not expected until the middle of 2024. Given the strong support being provided to the US economy by White House fiscal policy, which has clearly helped avert the risk of recession in 2023, we can see a path that leads to no cut in rates until after the US presidential election in November 2024.

Economic news flow from China continues to highlight the anaemic economic recovery post the re-opening last year. The Chinese property sector is suffering from significant financial stress and although policy makers are introducing measures that are designed to stabilise the market, it seems clear that China does not wish to recreate boom conditions in that part of the economy. Several economic commentators have downgraded their GDP growth outlooks for the Chinese economy to below the 5% target level of growth for both 2023 and 2024.

Over August the top five contributors to return were Novo-Nordisk, Cameco, Oracle, Nvidia and Varonis Systems. The top five detractors to return were Zimmer Biomet, Apple, UPS, Keyence and Sony.

In August we added a new holding in Piaggio, the Italian manufacturer of two wheel vehicles which owns the famous Vespa brand. We believe that the future for the company is extremely positive based on structural trends to more fuel efficient vehicles in urban areas, notably for countries like India, China and Indonesia which have a combined population of over 3 billion people. The Vespa brand has great cache with both existing and potential customers and the shares sell at a surprisingly low valuation of around 10x earnings with a high cash generative business model and a strong balance sheet. This valuation reflects a lack of liquidity in the company's shares as it remains predominantly family owned.

We also added a new position in German company Siemens, which has been on our watch list for some time and has now come back to what we believe is a very attractive entry point. Siemens business focus is on intelligent infrastructure, automation, digitalisation and intelligent mobility solutions. We believe there is a strong tailwind behind many of Siemens's industrial sectors, notably automation, digitalisation and the energy transition. Siemens shares sell for a very attractive multiple of around 14x, which reflects a normalisation of its order book in Digital Industries, which has been particularly aggressive in China and the problems that have occurred in Siemens Energy. Siemens Energy has suffered huge write-downs in the Gamesa business that focusses on wind turbine projects, with large write-downs also seen in industry bellwether Orsted at the end of the month, but we believe that this is now correctly factored into the share price. We expect revenues to grow around 10% this year, with healthy operating margins leading to strong cash flows with a balance sheet that has only a modest level of gearing.

Over the month cash in the portfolio has declined to just under 5% of total assets. We would be likely to increase this weighting if the market were to rally substantially from current levels, as higher interest rates for a longer period of time suggests to us that it may be difficult for markets to make material headway for the remainder of this year after unexpectedly strong performance so far year to date.

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