Vermeer Global Fund

April 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	-2.50%	6.92%	18.77%	10.10%

	1 Year	3 Year	5 Year	ITD
Class A	19.15%	24.51%	69.15%	127.71%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£48.2m
Estimated Yield	1.5%
No. of Holdings	52 holdings
Active Share	79.4%

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	227.709857
Class A3	0.25%	0.65%	£20million	164.865880
Class B	0.75%	1.15%	£5,000	203.886337
Class B1	0.75%	1.15%	$7,500	176.425316
Class C	0.75%	1.15%	£5,000	204.950383

**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	6.26%
Nvidia	4.10%
Toyota Motor	3.69%
Oracle	3.46%
Novo-Nordisk	3.42%
Keyence	3.19%
Ferrari	2.83%
Schneider Electric	2.77%
Amazon	2.70%
Alphabet	2.60%
Cash	5.00%

Geographical Split

Region	Weight
United States	53.07%
Europe	19.07%
Japan	11.39%
United Kingdom	9.39%
India	2.08%
Cash	5.00%

Sectors

Sector	Weight
Communication Services	9.72%
Consumer Discretionary	14.82%
Consumer Staples	5.75%
Energy	5.38%
Financials	0.81%
Healthcare	14.26%
Industrials	21.04%
Materials	0.00%
Technology	23.22%
Utilities	0.00%
Cash	5.00%

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%									10.10%

Commentary – April 2024

April was a more difficult month for global equities after a very good first quarter. The Vermeer Global Fund declined by 2.5% in April, slightly better than the decline in global markets. During April, we made the decision to increase the cash weighting in the portfolio from a virtually fully invested position to around 5% at the end of the month.

The global stock market has enjoyed an exceptional run since October 2023, and we feel that a period of consolidation is now due. To be clear, a move to the current level of cash puts us only in what we would regard as a more neutral position, and we are still seeing plenty of new opportunities to add to the portfolio. We often talk about our sell discipline strategy to deal with problem stocks in our portfolio early and normally run our winners. However, we do feel that on this occasion, it is prudent to capitalise on some of the success that has driven our portfolio in recent months. We have trimmed positions in Cameco, Caterpillar, Linde, Novo Nordisk, Nvidia and Trane Technologies, all of which have performed well in recent months.

Over April the top five contributors to return were Alphabet, Cameco, Trane Technologies, Shimano and BP. The top five detractors to return were Microsoft, Oracle, IBM, Toyota Motor and Burlington Stores.

In the Japanese part of our portfolio, we added to our position in Shimano earlier in April following a long period of underperformance. We hope that we have reached an inflection point in the cycling industry, which was a beneficiary of the COVID boom in outdoor pursuits and has taken a long time to work through the very high levels of inventory. Results released in April were well ahead of previously issued guidance and should continue to see an improvement for the rest of the year. Shimano has a phenomenally strong balance sheet with a very high level of net cash that could be deployed via a higher dividend, or a share buyback to improve shareholder returns. We see Shimano as a world class company that is taking a very long time to recover from the slump that followed their COVID boom and could see a material boost to earnings in the next few years.

We added a new position in Spotify during the month, which we have been monitoring for over a year and we anticipate adding to the position further over time. The investment case for the stock is that Spotify, the world's largest music subscription platform, has reached a critical number of premium paying subscribers. Currently the company has total subscribers of 615 million with a current target subs figure of 1 billion. Of these, 239 million are premium subscribers and the investment thesis is that the company will continue to be successful in converting these non-paying subscribers over to the premium offering. We believe that the market power of being the industry leader will allow for further price rises over time, the broadening of the product range to include audiobooks, education tools and the well-established podcast business will move into profit this year. We believe that this broadening of the product range will drive further growth and also crucially reduce churn. In 2023 management attacked its cost base and reduced global headcount by 25%. Cost discipline combined with growing revenue has produced a j-curve effect such that margins should improve rapidly as revenues rise against a largely fixed cost base.

Having moved to a more neutral cash position, we expect a period of consolidation in markets over the coming months. The results season so far has been broadly positive and we continue to be optimistic about the performance of our companies against an uncertain backdrop. We do anticipate that the upcoming US election may create increased market volatility as the year progresses but with company earnings still strong and if the US economy continues its robust performance, we will be able to maintain our cautiously optimistic stance.

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