Vermeer Global Fund

May 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	1.97%	2.88%	14.86%	12.27%

	1 Year	3 Year	5 Year	ITD
Class A	21.12%	26.94%	74.98%	132.19%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£49.8m
Estimated Yield	1.5%
No. of Holdings	52 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	232.189274
Class A3	0.25%	0.65%	£20million	168.137537
Class B	0.75%	1.15%	£5,000	207.844286
Class B1	0.75%	1.15%	$7,500	183.449484
Class C	0.75%	1.15%	£5,000	208.928987

**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	6.33%
Nvidia	4.93%
Novo-Nordisk	3.38%
Oracle	3.38%
Toyota Motor	3.28%
Keyence	3.05%
Cameco	2.85%
Schneider Electric	2.82%
Ferrari	2.65%
Alphabet	2.62%
Cash	6.34%

Geographical Split

United States	53.09%
Europe	18.48%
Japan	10.72%
United Kingdom	9.27%
India	2.10%
Cash	6.34%

Sectors

Communication Services	9.55%
Consumer Discretionary	14.14%
Consumer Staples	5.74%
Energy	5.48%
Financials	0.78%
Healthcare	13.67%
Industrials	20.70%
Materials	0.00%
Technology	23.60%
Utilities	0.00%
Cash	6.34%

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%								12.27%

Commentary – May 2024

May was a better month for global equities, reversing April's losses and positively contributing to the strong start seen so far in 2024. The Vermeer Global Fund returned 2% during the month and is up 12.3% year to date. Continued uncertainty over US interest rate policy and the looming presidential election did little to deter investors from pushing US equities to the best May performance since 2009, with the S&P rising by 5%. Nvidia was the main contributor to market performance, rising by just under 27% to end the month with a market capitalisation of $2.7trillion.

Over May the top five contributors to return were Nvidia, Cameco, Microsoft, Burlington Stores and Schneider Electric. The top five detractors to return were Toyota Motor, Carl Zeiss Meditec, BP, Disney and Zimmer Biomet.

As companies like Microsoft, Meta, Alphabet and Amazon significantly increase their spending on artificial intelligence, demand for Nvidia's GPUs, and its ethernet networking capabilities, is exceeding their ability to increase supply, providing Nvidia with greater visibility into 2025. This demand/supply imbalance also increases the company's confidence that its new generation of products will enable it to maintain its growth trajectory. We have reduced our position in Nvidia twice this year to be prudent and we will be carefully reviewing what we consider to be an appropriate position size in our portfolio given the stock has now risen around 10x from its lows of around $112 in October 2022.

The incredible demand for AI related data centres is increasing concerns about how the energy transition is going to be managed. We started investing in this theme some time ago when it became apparent that aggressive government mandated targets to reach net zero by 2050 were going to require significant investment in existing power sources. However, at that time there was no discussion about the enormous power requirements of a new generation of data centres for AI. This is a major investment theme as investors scramble to determine who are going to be the winners and losers from this enormous capex cycle.

UK equities have performed a little better in recent months, at a time when it feels many investors had given up on them. We have a number of UK domiciled positions in our global portfolio and while most of them are global franchises, Cranswick is a small cap domestic supplier of fresh food products to UK food retailers and produced another excellent set of results in May. Cranswick is one of the only companies in the industry which has continued to invest aggressively to build a business that now generates over £2billion in sales, £140million in pre-tax profits with a return on invested capital of over 15%. We believe Cranswick has outstanding management, and it is only in the last twelve months that shareholders have been rewarded for their patience as the stock has risen over 16% this year to a high of £44.45 at the end of May.

We have maintained our cash weighting at around 6% and feel relatively comfortable that this balances the possibility that equities continue to perform well against a risk of persistent inflation, and interest rates remaining high for a longer period. We also remain cautious about the likely upcoming volatility that the US presidential election could cause towards the end of the year. We have several new ideas that we are working on for inclusion in the portfolio, especially in businesses that are well managed but are still suffering from a post COVID normalisation of their business model. Alongside the increasingly important themes of AI and the energy transition, we still see very good long term opportunities in secular growth themes such as healthcare and an ageing population.