

Quarterly Update - Q1 2023

TM Veritas Equity Strategy - USD

31 March 2023

VERITAS
INVESTMENT PARTNERS

TM Veritas Equity Strategy - USD

Fund Performance

This share class was launched on 30/11/2022, there is therefore insufficient data to provide a useful indication of past performance

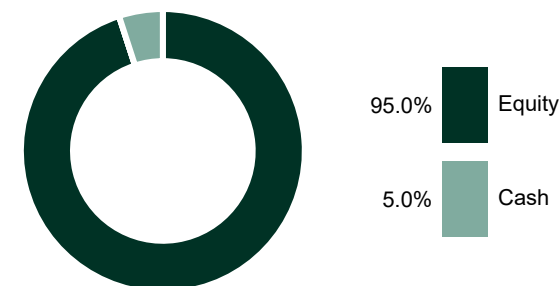
Investment Mandate

- Objective** To protect our clients' assets and grow them significantly above inflation
- Risk Profile** Medium/high risk with a strategic asset allocation range of up to 100% in equities
- Performance Reference** To generate a return of OECD G7 CPI +5% over the long-term, after all fees

Equity sectors

	% Weight	Names
Information Technology	25.7%	Accenture, Adobe, Amphenol, Infineon, Intuit, Microsoft, Synopsys
Health Care	20.6%	Align Technology, Intuitive Surgical, Laboratory Corp, Roche, Thermo Fisher Scientific, UnitedHealth Group
Financials	12.3%	Fiserv, Marsh & McLennan, Mastercard
Industrial	11.6%	Automatic Data Processing, Broadridge Financial Solutions, Bunzl, Experian, Kuehne + Nagel International
Consumer Discretionary	11.1%	Amazon, Hasbro, Next, Nike, Tractor Supply
Materials	8.3%	Avery Dennison, DSM, Franco-Nevada
Communication Services	2.8%	Alphabet
Consumer Staples	2.6%	Kerry Group

Asset Allocation (% of Portfolio)



Source: Northern Trust. All figures are unaudited and subject to change. Totals may not add precisely due to rounding.

Quarterly Update

Investment commentary

If the stock market closed tomorrow and didn't reopen for 10 years, would we be happy to hold shares in this company? Borrowing from Warren Buffett's test, this is a question we often ask ourselves. For a "yes", companies must get over multiple hurdles. These include the ability to grow revenues regardless of the macroeconomic backdrop and meeting our strict quality of business criteria.

As a result, banks have not been part of our investment universe for some time. This served us well over the last quarter when headlines were dominated by the mini-banking crisis. The speed was remarkable: on 9 March, withdrawals from SVB (Silicon Valley Bank) were \$45 billion; on 10 March, \$100 billion was withdrawn. This led to a bumpy quarter for world equity markets, but the fund finished up 7.8% for the quarter and is up 2.7% from inception. This is in the context of the peer group estimate (as measured by the ARC USD Equity Risk Index) which returned +5.8% for the quarter and is up 2.8% since 30 November 2022.

Quality "financials" do exist. Insurance broker **Marsh MacLennan** is a "staple in financials' clothing", with a resilient business model and very high recurring revenues. And following adjustments to global equity sector allocations, payment providers **Mastercard** and **Fiserv** moved from the technology sector to financials at the stroke of a pen. Both are very high-quality companies enabling the growth of crucial digital systems.

Seeking out new perspectives is key to ensuring our judgements about companies remain accurate, so we are making the most of the freedom to travel again. This quarter, team members visited a healthcare conference in Boston, a **Tractor Supply** store in Nashville and Jacksonville port to name a few. What shone through in all settings was the power of technology to enable rapid change and the opportunities this presents for companies.

For example, in healthcare artificial intelligence is being used to combine the 20 amino acid building blocks of proteins to generate novel molecules, aiming to improve scientists' understanding of diseases and ultimately find new medicines. That task would be almost impossible without technology: the number of amino acid combinations is equivalent to the number of stars in the universe squared.

Meanwhile, investment in US ports is lagging far behind Chinese counterparts and the lack of IT infrastructure means ports rely on innovators, such as freight forwarder **Kuehne + Nagel**, to fill the gap. Opportunities for automation in logistics abound: deploying robots, which run for four hours and charge back to 100% in five minutes, could improve efficiency, reduce costs and improve safety. Companies such as **Synopsys**, **Infineon Technologies** and **Amphenol** provide the crucial software and components needed for this.

These visits can't give us a crystal ball to the future. But they can add extra conviction to our view that portfolios would be well-positioned to meet your inflation plus targets if global stock markets closed until 2033.

Portfolio activity – Engagement

Our introductory letter to **Nike** came into its own as it led to a sustainability-focused call, during which we explored how it is tackling its biggest environmental and social challenges. Materials was a hot topic for discussion: they account for 70% of Nike's greenhouse gas emissions so the company has put significant effort into meeting its 2025 sustainable sourcing targets. For example, many clothing lines are made from recycled polyester, produced from plastic bottles. Meanwhile, Space Hippie shoes are made entirely from manufacturing waste and some of the processes developed in this pilot are now included in production for other Nike trainers. The call left us reassured that Nike has put considerable resource into its sustainability strategy and fully integrating it into the wider business strategy. It also opened the door to deepening our partnership with the company over time: we were asked to send on any suggestions for further improvement.

Important Information

Fund manager	Veritas Investment Partners (UK) Limited
Ongoing charges	0.75%
Inception date	30 November 2022
Fund base currency	GBP
Fund size	GBP 23.3m
Pricing	Daily
Fund type	UK UCITS
Structure	ICVC
Domicile	UK
Custodian bank	Northern Trust
Dividend paid	31 January / 31 May
USD Share Classes (Dis / Acc)	ISIN GB00BNV0FJ33 / GB00BNV0FH19

Risk Warnings

Past performance should not be seen as an indication of future performance.

The value of investments and the income from them may fluctuate and are not guaranteed. Investors may not get back the whole amount they have invested.

Changes in rates of exchange between currencies may cause the value of investments to diminish or to increase.

The views expressed are the author's own and do not constitute investment advice. Reliance should not be placed on the views and information in this document when taking individual investment and/or strategic decisions. Opinions, estimates, forecasts, projections and statements of financial market trends are based on market conditions at the date of the publication, constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

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