Quarterly Update - Q4 2023

TM Veritas Equity Strategy - GBP

31 December 2023

VERITAS
INVESTMENT PARTNERS

TM Veritas Equity Strategy - GBP

Performance

	Q4 2023	Last 12 months	Since 30 Nov 2022[1]
TM Veritas Equity Strategy GBP (Acc)	**7.3%**	**17.6%**	**13.0%**
OECD G7 CPI +5%[3]	1.3%	8.5%	8.7%
MSCI World Equity Index (£)[4]	6.7%	16.8%	10.7%
IA Global Fund Universe	6.8%	12.5%	10.1%

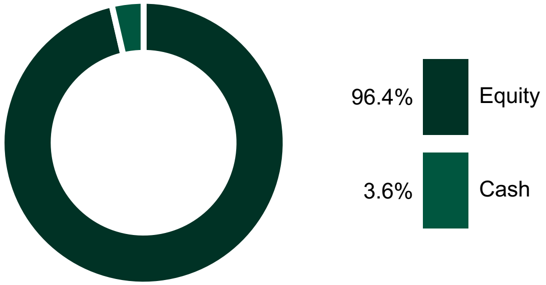
Investment Mandate

Objective	To protect our clients' assets and grow them significantly above inflation over the long-term
Risk Profile	Medium/high risk with a strategic asset allocation range up to 100% in equities

Equity sectors

	% Weight	Names
Information Technology	25.8%	Accenture, Adobe, Amphenol, Infineon Technologies, Intuit, Microsoft, Synopsys
Health Care	22.3%	Align Technology, Intuitive Surgical, Lab Corp, Roche, Sonova, Thermo Fisher Scientific, UnitedHealth Group
Financials	15.3%	Fiserv, London Stock Exchange Group, Marsh & McLennan, Mastercard
Industrials	13.7%	Automatic Data Processing, Broadridge, Bunzl, Experian, Kuehne + Nagel International
Consumer Discretionary	10.9%	Amazon, Next, Nike, Tractor Supply
Materials	4.2%	Avery Dennison, DSM-Firmenich
Communication Services	2.2%	Alphabet
Consumer Staples	1.9%	Kerry Group

Asset Allocation (% of Portfolio)



Morningstar Sustainability Rating™

High
5 out of 5 globes

TM Veritas Equity Strategy is rated out of 8,108 funds within its global category. Data is as at 31 December 2023.

[1] Performance since inception. [2] TM Veritas Equity Strategy returns are net of all fees and costs. [3] OECD G7 CPI +5% figures are the most recent available numbers. [4] All Indices are gross of fees. Figures are in Sterling, total returns with net dividends reinvested. Source: Northern Trust, Bloomberg, Factset. All figures are unaudited and subject to change. Totals may not add precisely due to rounding.

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Investment commentary

As we drew a close on 2023, the fund returned 17.6% over the year.

Yet again, the fourth quarter showed us that you don't need to rely on a handful of star stocks to generate solid returns. In fact, whilst technology companies dominated the top performers list for both Q4 and the year as a whole, the contribution was broad with names like **Synopsys**, **Adobe** and **Intuit** leading the pack alongside the 'magnificent' **Amazon**, **Alphabet** and **Microsoft**.

Part of the role of a global investor is needing to keep up with our friends across the pond’s penchant for a baseball analogy, whilst frantically googling the relative importance of being in the second innings. Sticking with sport, however, we do like the concept of bench strength. We are again struck by the ‘bench strength’ of the performance of our portfolio companies. Over 2023, 2/3 of our investments have seen their share prices up double digits. These were found across varied sectors too, including insurance, payments, retail and logistics, where the range of different structural drivers is similarly broad.

The speed of disruption across markets from generative AI technology and new weight-loss drugs continues to amaze us, whilst also keeping us on our toes. We have been educating ourselves on quantum computing and changing food preferences, conscious that being long-term investors makes fully understanding emerging risks and opportunities even more important.

It has been a year of surprises; the widely predicted recession didn't appear, the oil price is down since war broke out in the Middle East, and when mortgage rates hit 8% in the US, house prices actually went up! Even with perfect foresight of these events at the start of 2023, it would have been nigh on impossible to predict how markets subsequently moved. So, we are sticking to our knitting of focusing on 25-40 companies with predictable and durable growth. Amidst uncertainty, there are always opportunities for the patient investor to take advantage of.

We remain confident that our long-term, focused approach positions us strongly to do so.

Top of the class

Infineon Technologies reported record sales, up 15%, in a period when the broader semi-conductor sector was down 13%. Whilst the share price has been more volatile of late, the underlying performance of the business has been strong. We maintain our high conviction in the structural demand for Infineon’s products, which enable the digitisation and decarbonisation of our energy, transport and industrial sectors.

You there at the back!

Protests broke out in Panama over the operation of First Quantum’s Cobre Panama copper mine (from which **Franco-Nevada** has streaming rights), consequently halting production. The mine produces 1.5% of the World’s copper supply and represents roughly 20% of Franco’s assets. With staunch political and popular will to stop further production, as investors we were faced with an unprecedented and unpredictable outcome that the company could neither control nor influence. This sort of disruption is unique and has taken the shine off an otherwise golden track record from management. With such uncertainty over future growth, we took the decision to exit the position.

Fund activity – Main Transactions

Predictability is a key characteristic of the companies we invest in. With a marked uptick in uncertainty, we took the decision to sell the position in **Hasbro** during the quarter.

After issuing a profit warning earlier in the year, toy company Hasbro announced a management shake-up, cost cutting and a change in strategy. Despite some early signs of progress, strikes in Hollywood negatively affected their entertainment division.

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With the outlook for the US consumer looking more uncertain, we felt the risks from waiting for the turnaround were too great and capital could be put to better use.

Wary of valuations, we also took some profits in names that have performed strongly throughout the year (principally technology) and topped up some of our positions with greater valuation upside. With improved outlooks for earnings, we increased positions in **Nike** and **London Stock Exchange Group** (**LSEG).**

Fund activity – Engagement

"Our core business and our strategy are sound...our core franchise, our culture are strong. Our capital and liquidity positions have never been stronger". So said the CEO of Lehman Brothers in July 2008, in what turned out to be the bank's last ever earnings call!

It is a management team's job to present their company in the best possible light. Everything is great! And then it's not. We navigate this challenge by continuing to place a huge amount of value on understanding the people who lead the companies we invest in, and the cultures they create, alongside analysis of measurable factors like cash flow generation and capital allocation.

In December, we spoke to **Experian**'s head of sustainability, to reflect on the huge amount of progress they have made since we started engaging with them on their environmental reporting in 2019. They now report on 83% of the emissions in their supply chain (known as scope 3 emissions), up from 0% previously. This puts them amongst the leading companies in the portfolio in this respect, and they have done this with a relatively small team.

Part of this is down to knowing what is material. Biodiversity is a hot topic. Experian mapped their global locations, and discovered one small office in South Africa is near a park, home to a rare (soon to be extinct) species of frog.

While sad, in the context of Experian's global footprint, this is immaterial and so they moved on. It's vital as investors that we support companies in focusing on what is material.

The team place most of the credit for Experian's progress down to people - specifically their CFO Lloyd Pitchford who takes on the role of executive sponsor for ESG. Ultimately good business is a combination of a clear purpose, supported by good processes and great people. We approach all our engagement work with a healthy degree of cynicism, but in pursuit of the protection of your wealth, we are yet to find a good substitute for looking someone in the eye.

Top 10 Equity Holdings

Holding	% Weight
Thermo Fisher Scientific	4.7
Mastercard	4.4
Accenture	4.2
Lab Corp	4.1
Marsh & McLennan	4.1
Intuit	4.1
Intuitive Surgical	4.0
Fiserv	4.0
Microsoft	3.9
Infineon Technologies	3.8
Top 10 Equity Total	**41.2**

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 66.9m
Pricing	Daily
Fund type	UK UCITS
Structure	ICVC
Domicile	UK
Custodian bank	Northern Trust
Dividend paid	January / May
Previous dividend rate (May 2023)	GBP 0.0032
GBP Share Classes (Dis / Acc)	ISIN GB00BNV0FG02 / GB00BNV0F828

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Morningstar Data

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.