Quarterly Update - Q1 2024

TM Veritas Equity Strategy - GBP

31 March 2024

MERIDIEM
INVESTMENT MANAGEMENT

TM Veritas Equity Strategy - GBP

Performance

	Q1 2024	Last 12 months	Since 30 Nov 2022[1]
TM Veritas Equity Strategy GBP (Acc)[2]	**5.8%**	**18.6%**	**19.5%**
OECD G7 CPI +5%[3]	2.1%	7.5%	10.6%
MSCI World Equity Index (£)[4]	9.8%	22.4%	21.6%
IA Global Fund Universe	7.7%	16.8%	18.5%

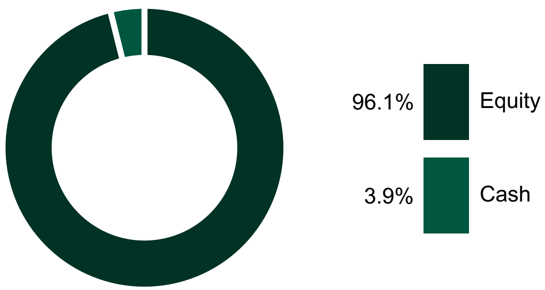
Investment Mandate

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
Health Care	23.3%	Align Technology, Intuitive Surgical, Lab Corp, Roche, Sonova, Thermo Fisher Scientific, UnitedHealth Group
Information Technology	21.9%	Accenture, Adobe, Amphenol, Intuit, Microsoft, Synopsys
Financials	16.9%	Fiserv, London Stock Exchange Group, Marsh & McLennan, Mastercard
Industrials	13.3%	Automatic Data Processing, Broadridge Financial Solutions, Bunzl, Experian, Kuehne + Nagel International
Consumer Discretionary	11.9%	Amazon, Next, Nike, Tractor Supply
Materials	4.6%	Avery Dennison, DSM-Firmenich
Communication Services	2.5%	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 8,252 funds within its global category. Data is as at 31 March 2024.

[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.

Quarterly Update

Investment commentary

The fund has started 2024 on a positive footing, returning 5.8% over the quarter.

The overriding objective of the fund is to achieve a return ahead of inflation on a long-term view. To do this, we look to invest in companies that are well-placed to benefit from multi-year structural growth trends. These high quality and innovative companies can often be disruptors within their field. As long-term investors, a big part of our job is to scan the horizon to see who will disrupt the disruptors. To this end, our investment colleagues, Arthur and James, spent a week in China to see first-hand how the economy is evolving.

The scale and speed of development in certain industries was staggering and left us with plenty to ponder – especially how secure are our companies' competitive advantages and moats? It became clear that electromobility and the energy transition are key pillars of growth for the Chinese economy.

Chinese car company BYD is now the world's largest manufacturer of electric vehicles, producing 62% more cars in 2023 compared to 2022 and 12 times more cars than 2018. China is expanding its rail network by the equivalent of HS2 Phase 1 every month. Of particular note, was that these rapid expansions were being achieved via domestic progress. When you build that much, that rapidly, you can move up the curve very quickly. These advancements are supported by a growing Chinese semi-conductor market, and with an emerging competitor – both funded and subsidised by the Chinese state – we decided to sell **Infineon**. Looking forward, its moat and right-to-win look far less certain.

We regularly talk about being long-term holders of our companies to take advantage of structural growth tailwinds. As a house, we first purchased **Amphenol** in 2019 to benefit from global growth in connected devices. Since then the stock has delivered a total return of c. 200% as we have seen a 110% increase in the number of devices globally to 16.7 billion; this is forecast to grow to 30 billion by 2027. There is plenty of runway for growth for the next five years.

This is the first quarterly update under our new name: Meridiem Investment Management. Whilst there may be a new name above the door, inside the approach remains the same. We continue to hunt for high quality companies that can benefit from structural growth and deliver on our real return objective. We look for predictable and resilient growth and we are confident that our in-depth research and focused portfolio allows us to take advantage of opportunities when they arise.

Top of the class

Tractor Supply results reinforced our view that the company is performing exceptionally well operationally as they reported expanding margins against the backdrop of high inflation and slower revenue growth. The market reacted well to this confirmation after a weak 2023 for the shares. Further support came from management's positive outlook on the opportunity to continue to find productivity and efficiency gains.

You there at the back!

Kuehne + Nagel International reported results below expectations in Q1 as the shipping industry continues to normalise following the supernormal profits achieved during the Covid-19 pandemic. This resulted in a sell-off in the shares, after a very strong 2023. However, the business continues to reap the benefits of its eTouch initiative. With global supply chains realigning, for example due to geopolitics or re-shoring, Kuehne + Nagel International should be a long-term beneficiary as they profit from the complexity of logistics and transportation networks.

Portfolio activity – Main Transactions

As patient investors, we are more than happy to hold on to cash until we see compelling opportunities. This is the case with the proceeds from **Infineon** while we conclude work on existing companies' moats and new ideas.

Quarterly Update

Mindful of valuation after very strong performance since our initial purchase in Q4 2022, we trimmed our holding in **Adobe**. Following a meeting with **London Stock Exchange Group**'s leadership team, we added to the holding. We were reassured by management's strategy to capture the long-term opportunity for the business using their unrivalled data assets to capitalise on the digitisation trends within financial services.

Portfolio activity – Engagement

It would be easy, especially with the rise of digital communication, to assume that everything can be done on a screen from our office on the Southbank. Whilst that may be helpful for some meetings, nothing can replicate getting out and seeing our companies in person and in their environment. This quarter, some of the team spent the day with **Next** management at their head offices in Leicester. It was a hugely valuable meeting with insight from the CEO, Finance Director and Head of Code of Practice.

The clothing industry is a complex web of companies across a global supply chain. Achieving a level playing field is hard and we discussed this with their Head of Code of Practice. He explained how paying all workers in their supply chain the living wage would raise their costs by 25-30% and be potentially ruinous for the business commercially if its competitors did not follow suit. Raising wages but going out of business would not be a sensible strategy.

However, if the rules are applied universally, Next will argue for higher pay for workers. During negotiations between unions and government over minimum wage in Bangladesh, Next sided with the workers and pushed for a higher wage increase than the rest of the industry. The workers achieved a 56% increase in pay which has raised Next's costs but they are supportive of this as it applies across the industry. There is no one-size-fits-all approach and this insight was a helpful reminder of the nuance around these topics. Having a culture of partnership with our companies allows us to really get under the bonnet and understand the rationale for their decisions.

Top 10 Equity Holdings

Holding	% Weight
Thermo Fisher Scientific	5.0
Fiserv	4.7
Mastercard	4.6
Microsoft	4.4
UnitedHealth Group	4.3
Amphenol	4.2
Tractor Supply	4.2
Marsh & McLennan	4.2
Intuitive Surgical	4.2
Accenture	4.1
Top 10 Equity Total	**43.9**

Important Information

Fund manager	Meridiem Investment Management Ltd
Ongoing charges	0.75%
Inception date	30 November 2022
Fund base currency	GBP
Fund size	GBP 92.1m
Pricing	Daily
Fund type	UK UCITS
Structure	ICVC
Domicile	UK
Custodian bank	Northern Trust
Dividend paid	January / May
Previous dividend rate (May 2023 / Jan 2024)	GBP 0.0032 / GBP 0.0061
GBP Share Classes (Dis / Acc)	ISIN GB00BNV0FG02 / GB00BNV0F828

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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.

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