Vermeer Global Fund

August 2020

VERMEER
INVESTMENT MANAGEMENT

Investment Objective

The aim of the fund is the 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	1 Year	3 Year
Class A	3.82%	7.06%	17.40%	12.45%	36.29%

	2017	2018	2019	YTD	ITD
Class A	18.99%	-2.03%	25.90%	8.51%%	62.32%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£33.0m
Estimated Yield	1.28%
No. of Holdings	60 holdings
Active Share	81.4%
Available Platforms	FNZ, Transact, Platform Securities, Pershing, 7IM, Novia, AllFunds, Ascentric, Raymond James

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	162.322178
Class A1	0.45%	0.70%	$5million	-
Class A2	0.25%	0.50%	£20million	113.170563
Class A3	0.25%	0.50%	£20million	123.224398
Class B	0.75%	1.00%	£5,000	146.949717
Class B1	0.75%	1.00%	$7,500	135.921587
Class C	0.75%	1.00%	£5,000	154.671913

**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	4.69%
Apple	4.35%
Varta AG	4.09%
Roche	3.35%
Keyence	3.25%
Amazon.Com	2.55%
United Parcel Services	2.49%
Novo-Nordisk	2.44%
Nihon M&A Center	2.41%
Ferrari NV	2.33%
Cash	5.34%

Geographical Split

United States	43.81%
Europe	26.50%
Japan	12.03%
United Kingdom	8.05%
India	2.83%
Singapore	1.44%
Cash	5.34%

Sectors

Communication Services	6.29%
Consumer Discretionary	17.05%
Consumer Staples	4.06%
Energy	0.00%
Financials	5.52%
Healthcare	16.32%
Industrials	16.51%
Materials	7.27%
Technology	20.73%
Utilities	0.91%
Cash	5.34%

Monthly Performance Data – Class A GBP

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
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%
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%
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%
2020	-2.51%	-5.19%	-5.70%	7.56%	8.11%	2.63%	0.48%	3.82%				

Global equities continued to move higher in August. The S&P 500 moved into all-time high territory, spurred on by the continued, apparently unlimited stimulus provided by Central Bank policy. The Vermeer Global Fund returned 3.8% for the month, slightly lower than the global benchmark but year to date remains ahead, rising 8.5%.

Over the month the top five contributors to return were Varta, Apple, Microsoft, Ocado and UPS. The top five detractors to return were Cisco Systems, IPG Photonics, Philips, Becton Dickinson and Jack Henry.

The fund added a new position in Indian pharmaceutical outsourcing company Divi's Laboratories during the month. The company has been on our watch list for over a year and we made the investment for three reasons. Firstly, continuing and intensifying disagreements between the US and China is forcing changes to supply chains of major companies and global pharma firms are no different in that they have a historic reliance on China and Divi's Labs is well placed to provide an alternative supply source. Secondly, it has ramped up its capital investment programme to take advantage of this trend and to offer greater volume and manufacturing integrity and thirdly is increasing its commitment to R&D to help pharma companies combat price erosion caused by generic suppliers.

We increased our weighting in Target during August and the company produced excellent results towards the end of the month. Target has positioned itself to be able to take advantage of both continued increases in online spending and a return to physical shopping as stores reopen. It is able to fulfil the huge increase in demand as a result of using its stores as distribution centres, meaning during the second quarter it saw over 24% comparable sales growth, with 10.9% growth from stores whilst initiatives like Drive Up increased 734%. Its multi category portfolio has led to both traffic and basket growth and Target increased its online shoppers by 10million in the quarter. We believe that the company has executed extremely well through the COVID-19 period and should be a long-term winner from the changing retail landscape.

We have run cash down to around 5% and have been putting new cash to work that has been invested in the fund into a variety of names, including AT&T, Disney, Target and UPS. All four of these stocks have delivered resilient operational performance since the outbreak of COVID-19 but all still trade at what we regard as reasonable valuations in a world of expensive shares. We are maintaining a balanced approach to the management of our portfolio. Whilst we have invested this year in digital transformation stocks such as Ocado and Amazon and still believe these companies are well placed, we also believe it is important to own stocks that would be key beneficiaries of a perceived end to the COVID-19 pandemic. If a vaccine were to be approved for broad based use, we believe a power packed rally would occur for the companies that have been hit hardest by the virus and would likely to see the most upside. We feel that if the global stock market is to push on again aided by the continued liquidity stimulus provided by Central Banks and Governments, the market is likely to broaden out from the recent total domination of technology and particularly the combination of the "famous five".