Vermeer Global Fund

December 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	2.22%	6.20%	13.05%	17.60%	45.05%

	2017	2018	2019	YTD	ITD
Class A	18.99%	-2.03%	25.90%	17.60%	75.91%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£37.9m
Estimated Yield	1.3%
No. of Holdings	58 holdings
Active Share	84.0%

Available Platforms:

7IM, AllFunds, Ascentric, Aviva for Advisors, Embark, FNZ, Hargreaves Lansdown, Novia, Pershing, Platform Securities, Raymond James, RBC, Rensburg, Succession, Transact

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	175.906916
Class A1	0.45%	0.70%	$5million	-
Class A2	0.25%	0.50%	£20million	-
Class A3	0.25%	0.50%	£20million	132.078801
Class B	0.75%	1.00%	£5,000	159.084847
Class B1	0.75%	1.00%	$7,500	150.639256
Class C	0.75%	1.00%	£5,000	166.057626

**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
Apple	3.92%
Microsoft	3.86%
Keyence	3.79%
Nihon M&A Center	3.02%
Roche Holding	2.86%
Walt Disney	2.74%
Varta	2.71%
Toyota Motor Corp	2.57%
United Parcel Services	2.45%
Pets at Home Group	2.36%
Cash	4.04%

Geographical Split

United States	39.33%
Europe	25.43%
Japan	14.23%
United Kingdom	12.63%
India	2.83%
Singapore	1.51%
Cash	4.04%

Sectors

Communication Services	5.56%
Consumer Discretionary	19.19%
Consumer Staples	4.14%
Energy	2.21%
Financials	6.31%
Healthcare	13.51%
Industrials	17.46%
Materials	8.72%
Technology	17.75%
Utilities	1.12%
Cash	4.04%

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%	2.05%	-2.68%	6.76%	2.22%

Commentary – December 2020

2020 was a remarkable year for global equities given the incredible challenge the global economy faced from the COVID-19 pandemic. Despite the challenging economic conditions, the global equity market rose by an impressive 12.5% in 2020 in Sterling compared to the 17.6% rise in the Vermeer Global Fund. Over December, the Vermeer Global Fund returned 2.2% compared to the 1.7% increase in global equites.

The unparalleled response by governments and central banks to support both the economy and financial markets dragged stocks from the lows seen in March to close at all-time highs. The bounce back in markets was a result of a cocktail of continued low interest rates across the globe, fiscal and monetary support and successful vaccine trials that have led to expectations for a synchronised economic recovery in 2021.

Over the month the top five contributors to return were Walt Disney, Moncler, Apple, Toyota Motor and Keyence. The top five detractors to return were Nihon M&A Center, Lululemon, Obic, UPS and Target.

During December, the Fund sold its position in Home Depot. We have held the stock since the launch of the Fund and share price performance has been strong, but we felt that the strong performance seen in 2020 will not be repeatable in 2021. As a result of COVID, the company saw a huge increase in demand for its products as more people spent more time at home and had higher levels of disposable income as a result of stimulus payments and lower expenditure on things like travel and entertainment. We feel that this has pulled forward demand into 2020 and has set up unrepeatable comparatives in 2021. Although we still have a huge amount of respect for the company, we believe the shares will struggle over the next 12 months.

Proceeds from the sale of Home Depot helped fund an increase in the Fund's position in Disney. Disney held another investor day in December to update the market on its direct to consumer strategy and we were impressed with what the company put forward. Disney has seen both positive and negative impacts on its business as a result of COVID and one of the positives has been the growth of Disney+. The company reached 86.8million subscribers at the start of December, with 30% of the subscriber base on the Disney+ Hotstar platform in India and has now already reached its original 2024 subscriber guidance. Management recognised the need to increase spending on content, which will be funded by better DTC revenue whilst the return of the profitable parks business, hopefully in the second half of 2021, will help drive a return to earnings growth.

The Fund also increased its position in BP in December. We have commented in prior monthly pieces on our reasoning behind our investment in BP and we continue to believe that the transformation the business is undergoing is being underappreciated by the market. BP has lowered its breakeven in its oil business to $40 which will generate enough cash to finance capex, the dividend and investment in new energy businesses and a rise in the oil price will allow further debt paydown and increased returns to shareholders.

We are staying relatively fully invested at this time as we see little to change the direction of markets that have been so driven by liquidity in recent years and look likely to continue to receive central bank support for the foreseeable future. We are maintaining a balanced approach to the portfolio, combining winners from the accelerated digital transformation caused by COVID with companies that will benefit from the reopening of economies as vaccines are more widely distributed to the broad population.