

Vermeer Global Fund

July 2020



Investment Objective

The aim of the fund is to 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	0.48%	11.49%	7.21%	6.41%	36.48%

	2017	2018	2019	YTD	ITD
Class A	18.99%	-2.03%	25.90%	4.52%	56.35%

Portfolio Manager	Tim Gregory
Inception Date	5 th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£28.6m
Estimated Yield	1.35%
No. of Holdings	59 holdings
Active Share	82.4%
Available Platforms	FNZ, Transact, Platform Securities, Pershing, 7IM, Novia, AIFunds, Ascentric, Raymond James

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	156.349647
Class A1	0.45%	0.70%	\$5million	-
Class A2	0.25%	0.50%	£20million	108.989857
Class A3	0.25%	0.50%	£20million	118.672283
Class B	0.75%	1.00%	£5,000	141.575295
Class B1	0.75%	1.00%	\$7,500	128.322271
Class C	0.75%	1.00%	£5,000	149.015064

*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	4.45%
Apple	3.87%
Varta AG	3.56%
Roche	3.38%
Keyence	3.13%
Nihon M&A Center	2.37%
Novo-Nordisk	2.31%
Amazon.com	2.29%
Cisco Systems	2.10%
United Parcel Services	2.07%
Cash	6.98%

Geographical Split

United States	42.66%
Europe	26.42%
Japan	11.68%
United Kingdom	8.32%
India	2.35%
Singapore	1.59%
Cash	6.98%

Sectors

Communication Services	5.65%
Consumer Discretionary	15.38%
Consumer Staples	4.15%
Energy	0.00%
Financials	5.63%
Healthcare	16.23%
Industrials	16.34%
Materials	7.66%
Technology	20.89%
Utilities	1.09%
Cash	6.98%

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%					

Commentary – July 2020

In July, global equities broadly managed to shrug off significant concern of a large swell in the number of COVID-19 cases in many countries across the world. Despite the USA having to roll back considerably on re-opening plans for the economy, the S&P 500 gained just under 6% over the month to close modestly in positive territory for the year. Weakness in the US Dollar against Sterling crimped the return of the Vermeer Global Fund, which gained 0.5% in July compared to the 0.9% decline in the global benchmark.

The US earnings season has been extremely encouraging so far, not least the performance of the so called “Famous Five” of Alphabet, Amazon, Apple, Facebook and Microsoft. All five companies posted strong results with revenue and earnings ahead of expectations. These stocks have performed very well this year and their results appear to vindicate this move and highlight the incredible financial strength these companies now have with an overall market cap that exceeds \$6trillion, supported by strong balance sheets and underlying cash flows.

Over the month the top five contributors to return were Apple, Pets at Home, Trane Technologies, Davide-Campari and Amazon. The top five detractors to return were Microsoft, Varta, Toyota Motor, Roche and Keyence.

During the month the Fund used inflows to add to existing positions in the portfolio whilst also adding several new positions. The Fund bought new positions in German financial technology company Hypoport and Swedish communications equipment company Ericsson. Hypoport is an aggregator for the providers of mortgage financing in Germany and also provides valuation services for property and insurance. Hypoport is the leader in both technology and market share and is benefiting from an increase in Germans buying property rather than renting their homes, driven by house price inflation and record low interest rates. Ericsson is the purest play business we could find to capture the long-term growth opportunity provided by 5G where we believe spend on infrastructure is only at the beginning and the runway is long. These new stocks replaced positions in Madison Square Garden Entertainment and Salmar during the month.

The Fund also added a new position in UPS, the global logistics company, at the end of the month. Earlier in the year, UPS named former Home Depot CFO Carol Tome as its new CEO. We have long admired Carol from her time at Home Depot and felt that she would implement the necessary changes at UPS and better utilise its asset base, which was confirmed on the company’s recent earnings call. As we have discussed in prior pieces, we believe that the COVID-19 pandemic has accelerated the shift to e-commerce and companies such as UPS will be beneficiaries in this environment whilst the new management team at UPS should lead to better margins and improved cash flow performance.

We ended the quarter with a slight rise in our cash balance to around 7%, driven by new inflows to the Fund, which we intend to allocate to a combination of new names we have added to the Fund in recent weeks as well as further increasing existing positions. We anticipate that in the near term, the S&P will remain in a corridor between 3,000 and its previous all-time high of 3,386 set in February this year, as stocks are pushed and pulled between the fear of the virus delaying a return to normal and the continued stimulus that governments and central banks are providing for global equities.

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