Vermeer Global Fund

March 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

	Jan	Feb	Mar	1 Year	3 Year
Class A	-2.51%	-5.19%	-5.70%	-0.36%	20.63%

	2017	2018	2019	2020	ITD
Class A	18.99%	-2.03%	25.90%	-12.84%	30.52%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£22.1m
Estimated Yield	1.77%
No. of Holdings	56 holdings
Active Share	85.83%
Available Platforms	FNZ, Transact, Platform Securities, Pershing, 7IM, Novia, AllFunds, Ascentric

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	130.381921
Class A1	0.45%	0.70%	$5million	-
Class A2	0.25%	0.50%	£20million	90.827430
Class A3	0.25%	0.50%	£20million	98.896343
Class B	0.75%	1.00%	£5,000	118.179531
Class B1	0.75%	1.00%	$7,500	101.672777
Class C	0.75%	1.00%	£5,000	124.389852

**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 (Mar 2020)

Stock	Weight
Microsoft Corp (USD)	4.68%
Roche Holding (CHF)	4.09%
Varta AG (EUR)	3.61%
Keyence Corp (JPY)	3.31%
Apple Inc (USD)	3.16%
Novo-Nordisk A/S (DKK)	2.63%
Sony Corporation (JPY)	2.20%
Ferrari NV (EUR)	1.95%
Davide Campari-Milano	1.94%
Walt Disney Co (USD)	1.89%
Cash	14.71%

Geographical Split

United States	38.31%
Europe	23.50%
Japan	12.92%
United Kingdom	8.10%
India	2.06%
Singapore	0.94%
Hong Kong	0.00%
Cash	14.17%

Sectors

Basic Materials	7.88%
Communication	7.26%
Consumer Discretionary	12.37%
Consumer Staples	6.50%
Financials	3.63%
Healthcare	17.35%
Industrials	12.81%
Technology	17.01%
Utilities	1.02%
Cash	14.17%

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%									

The tragic outbreak of COVID-19 across the globe caused a vicious fall in world stock markets, with the fastest move into a bear market in history. Global equities declined 34% from the peak on 19th February before bottoming on 20th March.

The significant escalation of COVID-19 has pushed the world economy into a massive global recession, which has been met by unprecedented monetary and fiscal stimulus packages around the world. These stimulus packages will hopefully bridge the period of virtual shutdown that the world now faces and enable families and their employers to survive the crisis and steadily recover once the virus has been contained. The scale of the response by authorities is simply unprecedented and it is absolutely clear that everything that can be done to get through this period will be done.

Over the month the top five contributors to return were Cranswick, Obic, Rio Tinto, Novo Nordisk and Roche. The top five detractors to performance were Live Nation, Ingersoll Rand, HDFC Bank, Shree Cement and Zimmer Biomet.

We bought back Amazon in March. Whilst we acknowledge that we sold the stock way too early in 2017 we believe that the unfortunate impact of the coronavirus is likely to quicken the pace of adoption of online shopping and the general growth of ecommerce whilst accelerating the pace of Prime adoption. As well as the strength in the company's retail franchise, its cloud business AWS continues to enjoy secular growth with data migration to the cloud increasing in importance with more and more people currently working from home.

We have introduced Nike as a new position in the portfolio after it issued solid results and indicated that demand for their athletic products remains strong despite the very challenging circumstances. We have been strong believers in the growth in the athletic and sporting goods market and we believe that the current medical emergency can only reinforce the need for a healthier society, with a greater emphasis on fitness. Although Nike's store sales are being considerably impacted by the global shutdown, its online business is thriving. Nike has been pursuing a policy of driving more traffic through the omni-channel as this is a substantially higher gross profit margin business than sales made through non-company owned stores. Nike has a very strong franchise in China, which was initially impacted by the lockdown but is now returning to something approaching normal as the government mandated lockdown eases.

The Fund sold its one energy position Equinor in early March following the output cut news from Saudi Arabia and the ensuing price way between the Saudis and Russia. We also took the decision to sell positions in Live Nation and our small position in Renishaw. Regarding Live Nation, we still believe in the long term outlook for the business but have to acknowledge that the outlook for public events attendance in the short term is now under considerable pressure, with a timeline on a return to normalise service an impossibility. We still have great admiration for Renishaw but we feel that the likely recovery in economic activity will be much slower than the current valuation of the company implies.

The investment backdrop that faces investors is clearly without precedent. We are focussing our attention on the inherent strength of our companies and their ability to survive the crisis. We are also looking to invest our cash in companies that we see as potential long-term winners and that we were previously unable to invest in because the company's share price has always been too expensive. Overall, our approach to investing our cash balance is to be patient as we feel there will be plenty of time to understand the evolution of the world economy as it takes shape in the coming months.