Vermeer Global Fund

May 2021

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	6m	1 Year	3 Year	YTD
Class A	0.01%	6.29%	20.64%	41.94%	3.98%

	2017	2018	2019	2020	ITD
Class A	18.99%	-2.03%	25.90%	17.60%	82.91%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£43.1m
Estimated Yield	1.4%
No. of Holdings	60 holdings
Active Share	84.6%

Available Platforms:

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

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	182.908602
Class A1	0.45%	0.70%	$5million	-
Class A2	0.25%	0.50%	£20million	-
Class A3	0.25%	0.50%	£20million	137.447402
Class B	0.75%	1.00%	£5,000	165.215853
Class B1	0.75%	1.00%	$7,500	162.372968
Class C	0.75%	1.00%	£5,000	172.457355

**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
BP	3.80%
Microsoft	3.68%
Keyence Corp	3.08%
Roche	2.75%
United Parcel Service	2.65%
Novo-Nordisk	2.45%
Toyota Motor	2.35%
ASML	2.32%
Walt Disney	2.29%
Pets at Home	2.24%
Cash	7.09%

Geographical Split

United States	37.69%
Europe	23.14%
United Kingdom	14.65%
Japan	13.04%
India	2.54%
Singapore	1.85%
Cash	7.09%

Sectors

Communication Services	3.79%
Consumer Discretionary	20.12%
Consumer Staples	3.88%
Energy	3.80%
Financials	8.30%
Healthcare	11.49%
Industrials	16.15%
Materials	9.01%
Technology	16.38%
Utilities	0.00%
Cash	7.09%

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%
2021	-1.16%	-1.84%	2.60%	4.45%	0.01%							

Commentary – May 2021

Global equities continued to make modest progress in absolute Dollar terms in May, although these gains were more than mitigated by the continued strength of Sterling. The Vermeer Global Fund was flat in May, outperforming the global market by 1% over the month, taking its gain for the year to 4%.

Ten-year US Treasury yields have stabilised at around 1.6%, having reached around 1.75% earlier this year and this has contributed to a more balanced performance from the market, as both value and growth stocks have been able to perform. Deutsche Bank has been one of the best performers in the Fund this year, rising by over 36% and still offers a deep value opportunity, while at the same time technology stocks such as ASML have also performed extremely well, rising by around 37%. Many market commentators now assume that the US ten-year will exceed a yield of 2% by the end of the year, but the debate about whether recent inflation data will prove to be transitory or if we are now in for a far higher level of embedded inflation continues to rage. The Federal Reserve are firmly sticking to their view that current inflation pressures will abate and are leaving their policy stance unchanged to reflect this view. However, the key question for investors is when they will begin tapering the massive bond purchases that have provided so much support for equity prices in the last year and notably since the COVID pandemic that gripped the world over a year ago.

Over the month, the top five contributors to return were Moncler, Newmont, Toyota Motor, Target and Roche. The top five detractors to return were Nihon M&A Center, Amazon, Apple, Walt Disney and AT&T.

In May we sold our position in AT&T following the surprise announcement that it was spinning off its WarnerMedia division and merging it with Discovery to create a new company. AT&T also announced that it was "rebasing" its dividend as part of the move, effectively cutting it by 40%. We found this disappointing as it contradicted what company CEO John Stankey had been telling investors, that the dividend was sacrosanct and that the way to solve its high dividend yield was to get the share price higher. We decided to go to the side-lines having lost confidence in the investment case as mega media mergers have historically been tough, and we anticipate a risk of underperformance from WarnerMedia.

We added to our position in UK global engineering software company AVEVA during the month following its full year results. The recent acquisition of OSIsoft, a manufacturer of real time data management software, is off to a strong start and whilst work will be required to manage the integration, strategic overlaps between the two companies will allow for significant cost and revenue synergies over time to drive future growth. Shares have struggled following the surprise resignation of the previous CEO but his replacement is well versed in the company having come over from major shareholder Schneider Electric and we believe that the business is very well positioned over the longer term from further industry wide migration towards digitisation.

We are continuing our strategy of operating a balanced portfolio as we see many opportunities for investment in all parts of the market. This includes deep value opportunities like Deutsche Bank and Toyota Motor, which also produced a fine set of results and still sell for a staggering low EBITDA multiple, or at the higher growth, technology end of the market like Nvidia and ASML. We are running cash levels at just over 6% which gives us the opportunity to add to new and existing holdings in the portfolio at a time when we do not expect overall markets to move materially higher from current levels after such a positive start to the year.