Vermeer Global Fund

October 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	2.87%	9.88%	24.66%	63.03%	14.24%

	2017	2018	2019	2020	ITD*
Class A	18.99%	-2.03%	25.90%	17.60%	100.95%

**ITD performance based off Fund launch price*

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£48.7m
Estimated Yield	1.5%
No. of Holdings	59 holdings
Active Share	82.9.%

Available Platforms:

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

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	200.950483
Class A1	0.45%	0.70%	$5million	-
Class A2	0.25%	0.50%	£20million	-
Class A3	0.25%	0.50%	£20million	151.132527
Class B	0.75%	1.00%	£5,000	181.282926
Class B1	0.75%	1.00%	$7,500	171.809554
Class C	0.75%	1.00%	£5,000	189.228658

**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	4.50%
BP	3.86%
Keyence	3.43%
Novo-Nordisk	3.12%
United Parcel Service	2.89%
Toyota Motor	2.88%
Roche	2.79%
ASML	2.57%
Oracle	2.50%
Apple	2.46%
Cash	4.18%

Geographical Split

United States	37.99%
Europe	23.37%
United Kingdom	15.56%
Japan	14.61%
India	2.84%
Singapore	1.45%
Cash	4.18%

Sectors

Communication Services	3.72%
Consumer Discretionary	18.75%
Consumer Staples	4.49%
Energy	3.86%
Financials	7.85%
Healthcare	12.33%
Industrials	17.24%
Materials	6.12%
Technology	21.46%
Utilities	0.00%
Cash	4.18%

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%	3.74%	2.10%	3.27%	-2.37%	2.87%		

Commentary – October 2021

Global equities resumed their upward trajectory in October following a difficult September. Markets were led by US equities, with the S&P rising 7% in the month, taking its year-to-date gains to 24%, significantly outperforming UK and Japanese equities with European equities rising by 4.7% in local currency over the month.

Over half of the S&P 500 has now reported earnings and at the headline level, 82% of companies produced positive surprises. However, we see a more mixed bag with management highlighting rising problems through the quarter from supply chain issues to rising labour costs, which are persisting and for many companies worsening heading into the final quarter of the year. Whilst we expect many of the supply chain issues to progressively ease through 2022, we are more cautious about the labour market. Official employment reports suggest a huge number of unfilled job openings at the same time as a large number of workers have decided to permanently retire from the workforce during the COVID pandemic, reducing the pool of available labour. This suggests to us that wage pressures are likely to persist and move structurally higher as was indicated by Amazon's results that noted hourly rates had moved up to $18 and a $3,000 sign on bonus had been offered to attract new employees.

Over the month, the top five contributors to return were Microsoft, UPS, Novo Nordisk, Target and Moncler. The top five detractors to return were Shimano, Toyota Motor, Burlington Stores, Hindustan Unilever and Obic.

In Japan, the LDP was ultimately returned to power for another term, with a resounding victory for new Prime Minister Fumio Kishida in the general election on the last day of October. The result followed a period of uncertainty at the opinion polls which had caused renewed anxiety for supporters of Japanese equities. This uncertainty reversed the strong performance stocks had enjoyed in the first two weeks of September and negatively impacted Fund performance in October as the Nikkei lagged performance of the S&P by around 9% in local currency. We now expect additional fiscal stimulus to the economy and a partial reopening of tourism to provide a much-needed boost to the Japanese economy heading into 2022 and believe this should set up the Japanese market for a better year and have retained our overweight position.

Following the results of the election over the last weekend in October, stocks reacted very positively, with the Nikkei rising nearly 3% on the first day of November. This followed some strong earnings reports from some of our positions over the month. Keyence once again reported another record quarter, topping ¥100billion in quarterly operating profit for the first time with strong growth across most divisions and geographies. Sony also reported another strong quarter and raised guidance with management remaining confident about the trajectory of its Music & Pictures segment and a new deal with TSMC should lead to a secure supply of chips moving forward. Shimano also produced a strong quarter and raised guidance as the company managed through supply disruptions and component shortages with higher prices.

Cash has reduced to around 4% of the portfolio, which provides the opportunity to add to existing positions and find new ideas. We are also carefully reviewing a number of companies that are facing headwinds from the increasing challenges of a tight labour market and in some cases very difficult profitability comparisons in 2022, having potentially seen a strong pull forward in earnings due to the COVID pandemic.