# Vermeer Global Fund

April 2021

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 | 6m | 1 Year | 3 Year | YTD |
|---|---|---|---|---|---|
| Class A | 4.45% | 13.45% | 30.41% | 48.94% | 3.97% |

| | 2017 | 2018 | 2019 | 2020 | ITD |
|---|---|---|---|---|---|
| Class A | 18.99% | -2.03% | 25.90% | 17.60% | 82.88% |

| Portfolio Manager | Tim Gregory |
|---|---|
| Inception Date | 5th December 2016 |
| Base Currency | GBP |
| Dealing | Daily |
| Initial Charge | None |
| AUM | £42.5m |
| Estimated Yield | 1.5% |
| No. of Holdings | 60 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, Fidelity

| Share Class | AMC | OCF* | Min | Price |
|---|---|---|---|---|
| Class A | 0.45% | 0.70% | £3million | 182.883529 |
| Class A1 | 0.45% | 0.70% | $5million | - |
| Class A2 | 0.25% | 0.50% | £20million | - |
| Class A3 | 0.25% | 0.50% | £20million | 137.407477 |
| Class B | 0.75% | 1.00% | £5,000 | 165.231228 |
| Class B1 | 0.75% | 1.00% | $7,500 | 158.199042 |
| Class C | 0.75% | 1.00% | £5,000 | 172.473404 |

**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 | 3.89% |
| BP | 3.49% |
| Keyence Corp | 3.12% |
| Roche | 2.68% |
| United Parcel Service | 2.64% |
| Walt Disney | 2.50% |
| Apple | 2.45% |
| Novo-Nordisk | 2.38% |
| ASML | 2.35% |
| Pets at Home | 2.26% |
| Cash | 4.79% |

## Geographical Split

| | |
|---|---|
| United States | 40.95% |
| Europe | 22.89% |
| United Kingdom | 13.56% |
| Japan | 13.35% |
| India | 2.56% |
| Singapore | 1.90% |
| Cash | 4.79% |

## Sectors

| | |
|---|---|
| Communication Services | 5.52% |
| Consumer Discretionary | 19.69% |
| Consumer Staples | 3.78% |
| Energy | 3.49% |
| Financials | 8.46% |
| Healthcare | 11.72% |
| Industrials | 16.25% |
| Materials | 8.94% |
| Technology | 17.36% |
| Utilities | 0.00% |
| Cash | 4.79% |

## 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% | | | | | | | | |

## Commentary – April 2021

Global equity markets continued their recent strong run in April rising by 4.1% and taking their year-to-date gain to 8.5%. The Vermeer Global Fund performed slightly better than the market in April but remains just over 4% behind the benchmark so far this year, following four years of strong performance.

The driving force for strong markets remains the enormous level of liquidity that continues to be pumped into the markets by global central banks and the very strong fiscal response by governments to support economies following the outbreak of COVID-19 just over 12 months ago. We acknowledge that the speedy response of central banks and governments to combat the pandemic in early 2020 has helped stave off a far more serious economic impact but the question now is should policy settings still be so accommodative as the economic recovery takes hold, notably in the US where GDP increased by 6.4% in the first quarter. US GDP growth is set to accelerate for the remainder of 2021 as the government introduces even greater levels of economic stimulus, notably through two planned infrastructure bills totalling $4trillion.

Over the month, the top five contributors to return were UPS, Treatt, Microsoft, Apple and Amazon. The top five detractors to return were Toyota Motor, Sony, Ciena, Nihon M&A Center and Shimano.

In April the Fund took a new position in Oracle which is led by the controversial Larry Ellison. Behind the Ellison bluster we anticipate a steady improvement in top line growth as Oracle's ERP customers migrate to a cloud offering. The business is at an inflection point, if we are correct, and the shares are modestly rated by today's standards with a PE of 17x in 2021 and 15x 2022. A dividend yield of over 1.5% which was increased 30% in the last quarter makes the shares attractive.

We also decided to sell our position in European payments stock Worldline and rotated the capital into Nvidia. We have long been admirers of Nvidia and believe that CEO Jensen Huang is positioning the company for the next wave of IT infrastructure with the use of AI across the enterprise space and for what Huang describes as a "5G moment for industry" along with strong continued growth in its existing markets. We believe that its acquisition of Arm is an addition to the investment case as we believe that it is unlikely to gain regulatory approval but the recent announcement of Nvidia's entry into the CPU market shows the moves the company can make without Arm and highlights its ability to grow into new markets. To open up a position for the stock we took profits in Worldline where we feel its acquisition strategy, which uses equity to fund deals which drives its long-term growth has created an overhang for the stock.

Our more cautious view of markets has clearly not materialised as yet, and we recognise that the impact of central bank and government policy continues to drive investors to pay even higher prices for equities. Investors are ignoring the risks provided by a change of policy by central banks, notably the Federal Reserve, which continues to walk a tightrope on inflation, which it believes to be transitory but may well turn out to be more than that. They are also ignoring the possible impact of deteriorating national relationships of many countries with China. We are maintaining a modest cash position for the time being and believe that investment returns will be driven by stock selection and not a continued exponential rise in global indices.