Vermeer Global Fund

August 2019

VERMEER
INVESTMENT MANAGEMENT

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.

Portfolio Manager	Tim Gregory
Inception Date:	5th December 2016
Base Currency:	Sterling
Dealing:	Daily
Initial Charge:	None
AUM:	£20.2million
Estimated Yield:	1.81%
No. of Holdings:	57
Active Share:	88.5%
Current Available Platforms:	Transact, Transact Nominees, Platform Securities, RBC, Pershing, Rensburg Nominees, 7IM, Novia, Allfunds

Rolling Performance – Class A GBP

1 Month	3 Months	6 Months	1 Year	2017	2018	YTD	ITD
-1.75%	8.78%	14.30%	8.23%	18.99%	-2.03%	21.49%	44.35%

ITD Date 5th December 2016

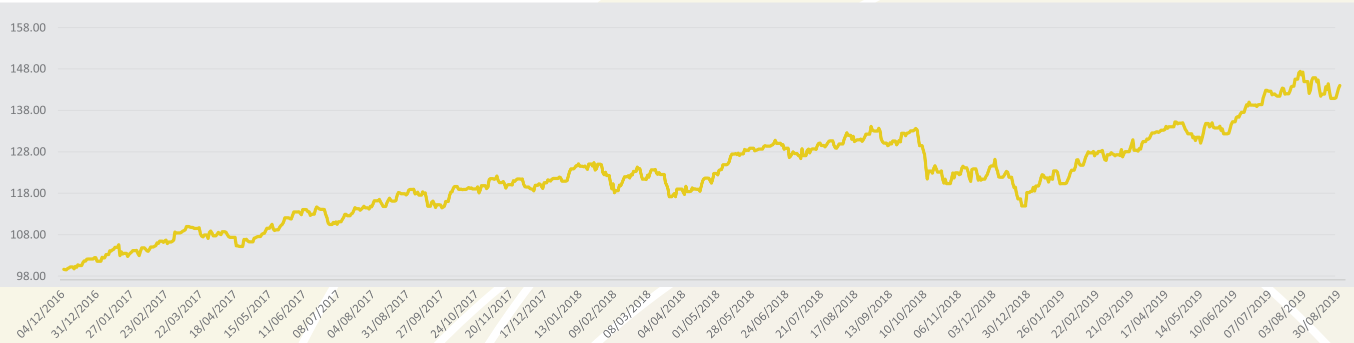
Share Class	AMC	OCF*	Min.Invest	Price
Class A	0.45%	0.70%	£3million	144.350
Class A1	0.45%	0.70%	$5million	-
Class A2	0.25%	0.50%	£20million	100.441
Class A3	0.25%	0.50%	£20million	110.908
Class B	0.75%	1.00%	£5,000	131.071
Class B1	0.75%	1.00%	$7,500	110.448
Class C	0.75%	1.00%	£5,000	139.972

**Ongoing Charge Fee*
Full explanation of the Fund's charges can be found on the KIID and Costs & Charges sheet

Top 10 Stock Holdings

Stock	Position
Varta AG	6.07%
Microsoft	4.61%
Cisco Systems	4.43%
Keyence	3.41%
Walt Disney	3.02%
Ferrari	2.79%
Roche	2.71%
Davide Campari-Milano	2.40%
GlaxoSmithKline	2.12%
Sony	2.11%
Cash	6.42%

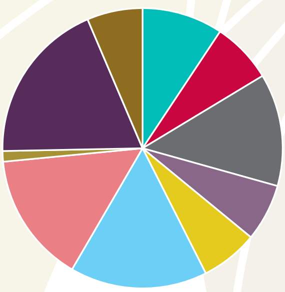
Performance Chart – Class A GBP



Monthly Performance Data - Class A GBP

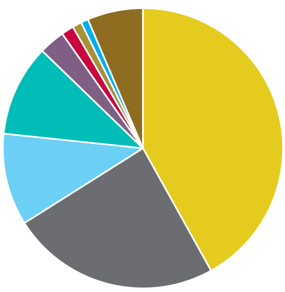
	January	February	March	April	May	June	July	August	September	October	November	December
2017	1.83%	3.16%	0.96%	-1.35%	5.19%	-1.18%	3.36%	3.97%	-2.29%	2.66%	0.39%	1.12%
2018	1.29%	1.17%	-3.96%	2.87%	4.95%	-0.70%	1.07%	3.13%	0.03%	-7.61%	1.36%	-4.90%
2019	3.79%	2.40%	3.61%	2.88%	-1.43%	5.33%	5.12%	-1.75%				

Sectors



Sectors	Weighting
Basic Materials	9.33%
Communication Services	7.03%
Consumer Discretionary	12.99%
Consumer Staples	6.60%
Financials	6.60%
Healthcare	15.85%
Industrials	15.07%
Energy	1.22%
Technology	18.90%
Utilities	0.00%
Cash	6.42%

Geographical Split



United States	41.91%
Europe	24.13%
Japan	10.62%
United Kingdom	10.56%
India	3.00%
Singapore	1.43%
Australia	1.07%
Hong Kong	0.85%
Cash	6.42%

Commentary

In August global equities lost ground, not helped by weakness in the US market as hopes for an early end to the trade war receded and if anything, relations between the Chinese and the US government deteriorated further.

The S&P 500 closed the month at 2,926.46 and is now just over 2% higher than the 2,872.87 level that was reached at the height of what was dubbed the Trump trade when the President implemented policies of lower corporate taxes for US companies. This highlights just how bifurcated markets have become, as growth and defensive stocks that deliver reliable earnings have become more expensive, whilst out of favour stocks in structurally weak industries have continued to see a substantial compression in their valuations.

Over the month the top five contributors to performance were Varta, Novo Nordisk, Newmont Goldcorp, Microsoft and Home Depot. The top five detractors to performance were Cisco, Madison Square Garden, Ciena, Royal Dutch Shell and Moncler.

The US results season for the third quarter is still some way away but we have already picked up some negative commentary from companies reporting with a July quarter end. Cisco had commented on a weak finish to July and problems with its Chinese business and we heard similar commentary from Autodesk, a leading software supplier to the construction and manufacturing industry, that it had seen weakness in China, in the UK, due to Brexit, and in Germany, where manufacturing has clearly weakened substantially, in recent months.

We have recently added higher yielding stocks to the portfolio including AT&T and Nokia. AT&T has been a very poor performer for many years despite its obvious yield attractions and we think the company may be reaching an inflection point, where investors no longer obsess about churn rates and customer losses from its fixed and mobile product offerings. Time Warner, whose acquisition by AT&T closed in mid-2018, provides the company with valuable content and full details of their planned subscription package, HBO Max, is expected at the media analyst day at the end of October. Improving cash flow and its ability to pay down debt, buy back shares and continue to pay a high dividend to investors are very attractive in a low yield world.

We also like Nokia as we believe it is now at the very early stage of seeing the benefit of investment in 5G networks by the major global telecom carriers. Nokia is on an attractive low double-digit earnings multiple and a dividend yield of around 4%, which is supported by a healthy cash flow and a solid balance sheet.

We are continuing to adopt a balanced approach to the portfolio with around 7% cash, reflecting the continued risks of a possible further economic deterioration that leads to a global recession, set against the risk that equities continue their strong run of 2019. The continuing strength of bond markets make equities look like a much more attractive investment, which we clearly believe is the case over the long term, notably for companies who can sustain growth in their earnings and dividends for investors.