Vermeer Global Fund

February 2022

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.

Rolling Performance – Class A GBP

	1m	3m	6m	YTD
Class A	-2.36%	-8.38%	-7.45%	-9.38%

	1 Year	3 Year	5 Year	ITD
Class A	8.51%	46.64%	72.97%	85.18%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£52.2m
Estimated Yield	1.5%
No. of Holdings	57 holdings
Active Share	81.5%

Available Platforms:

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

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	185.183790
Class A3	0.25%	0.50%	£20million	137.942205
Class B	0.75%	1.00%	£5,000	166.891920
Class B1	0.75%	1.00%	$7,500	155.141733
Class C	0.75%	1.00%	£5,000	173.274743

**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	4.87%
Microsoft	4.12%
Apple	3.97%
Roche	2.91%
Toyota Motor	2.89%
Keyence	2.87%
Novo-Nordisk	2.79%
Amazon	2.78%
United Parcel Service	2.70%
Oracle	2.42%
Cash	8.95%

Geographical Split

United States	40.43%
Europe	20.13%
United Kingdom	14.25%
Japan	11.95%
India	2.54%
Singapore	1.75%
Cash	8.95%

Sectors

Communication Services	3.45%
Consumer Discretionary	16.53%
Consumer Staples	5.55%
Energy	6.00%
Financials	5.59%
Healthcare	11.58%
Industrials	17.88%
Materials	4.79%
Technology	19.78%
Utilities	0.00%
Cash	8.95%

Monthly Performance Data – Class A GBP

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
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%	18.99%
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%	-2.03%
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%	25.90%
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%	17.60%
2021	-1.16%	-1.84%	2.60%	4.45%	0.01%	3.74%	2.10%	3.27%	-2.37%	2.87%	0.58%	1.11%	16.17%
2022	-7.19%	-2.36%											-9.38%

Commentary – February 2022

February was another difficult month for global equities following on from a significant sell off that occurred in January. The Vermeer Global Fund declined 2.4% over the month, slightly outperforming global equity markets.

The tragic circumstances surrounding the invasion of Ukraine by Russia has added another layer of considerable uncertainty to already difficult stock markets. We have been slightly surprised by the resilience of stocks over the final days of February and have modestly added to our cash position, ending the month at around 9%.

Prior to the outbreak of hostilities in Ukraine, markets were already in a fragile position as higher and more protracted inflation had led to expectations of a substantial tightening of monetary policy by most central banks, notably at the Federal Reserve in the US. 2022 was shaping up as a year of normalisation, not only for interest rate policy but also for many companies who had seen their business either benefit or be negatively impacted by the COVID pandemic. Many companies have seen a pull forward in demand, whether it be from the accelerated digital transformation or from consumer spending. At the same time, other businesses have been badly held back due to lockdown restrictions that have been in place for around two years and simultaneously companies have faced industry wide supply chain pressures and higher wage inflation that has materially added to costs, putting pressure on margins and profitability. We anticipate that for many companies 2022 will be a year of transition to more normal conditions, hopefully in 2023.

Over February the top five contributors to return were Oxford Instruments, Cameco, Varonis Systems, UPS and Shiseido. The top five detractors to return were Ericsson, Keyence, Apple, Davide Campari and BP.

The Fund made the decision in February to exit its position in Ericsson as it became embroiled in a scandal related to historic business practices in Iraq. Ericsson reported results that highlighted the continued high levels of investment in 5G networks that is enabling a digital revolution for industry as well as enhancing speed and reducing latency for the consumer. We felt compelled to remove this position from the portfolio as part of our sell discipline policy given the high level of uncertainty this creates, despite the attractive fundamental backdrop for the company. We have maintained our exposure to the 5G space via two new positions, Orange and T-Mobile US which were added to the Fund in early March.

We also made the decision earlier in the month to sell our remaining position in JP Morgan and rotate the capital into our holding in US regional bank Pinnacle Financial.

These are particularly difficult times for the market. The Federal Reserve and other central banks around the world are attempting to normalise monetary policy following the extraordinary measures that were taken to counter the COVID pandemic. Inflation is running well ahead of what policy makers expected and many commentators have suggested that interest rates will have to rise very aggressively. However, the recent events in Ukraine have the potential to push back such aggressive policy decisions and we have already seen a substantial move down in longer term rates. We are maintaining a higher level of cash for the time being as we see this as a prudent approach given all the current uncertainty but will be looking to add to new and existing positions if the opportunities arise over the coming weeks.