Vermeer Global Fund

January 2020

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

1 Month	3 Months	6 Months	1 Year	3 Year	YTD	ITD
-2.51%	2.22%	-0.74%	18.26%	40.52%	-2.51%	45.84%

*ITD Date 5th December 2016

Portfolio Manager	Tim Gregory
Inception Date:	5th December 2016
Base Currency:	Sterling
Dealing:	Daily
Initial Charge:	None
AUM:	£23.1million
Estimated Yield:	1.68%
No. of Holdings:	58
Active Share:	87.1%
Current Available Platforms:	FNZ, Transact, Transact Nominees, Platform Securities, RBC, Pershing, Rensburg Nominees, 7IM, Novia, Allfunds, Ascentric

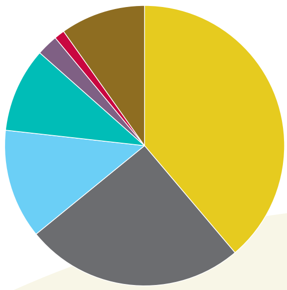
Share Class	AMC	OCF*	Min.Invest	Price
Class A	0.45%	0.70%	£3million	145.837082
Class A1	0.45%	0.70%	$5million	-
Class A2	0.25%	0.50%	£20million	101.560598
Class A3	0.25%	0.50%	£20million	110.583014
Class B	0.75%	1.00%	£5,000	132.253278
Class B1	0.75%	1.00%	$7,500	120.972227
Class C	0.75%	1.00%	£5,000	139.203176

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

Top 10 Stock Holdings

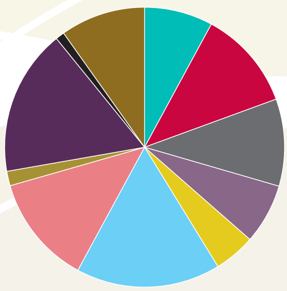
Stock	Position
Microsoft	4.56%
Varta AG	3.83%
Apple	3.23%
Keyence	3.18%
Roche	3.15%
Walt Disney	2.44%
Davide Campari-Milano	2.35%
Sony	2.11%
Cisco Systems	1.95%
Ferrari NV	1.95%
Cash	9.83%

Geographical Split



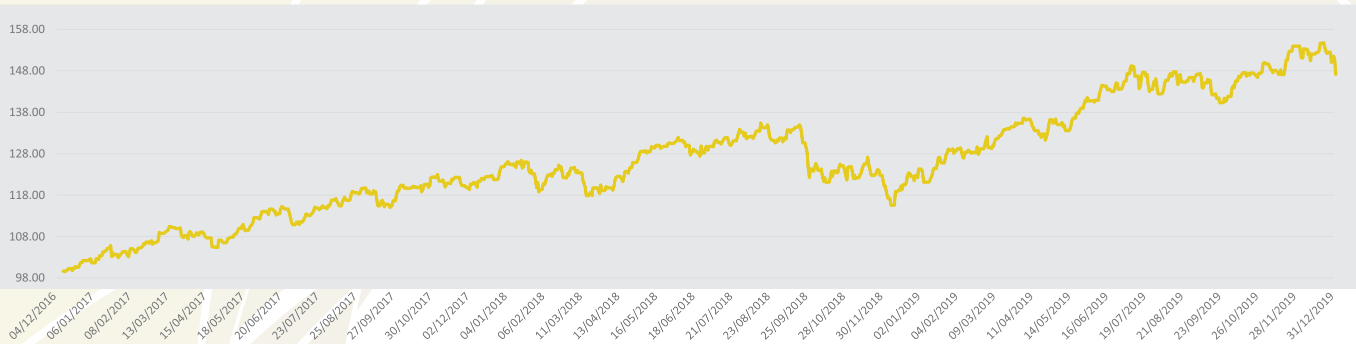
United States	38.82%
Europe	25.31%
Japan	12.63%
United Kingdom	9.76%
India	2.45%
Singapore	1.20%
Cash	9.83%

Sectors



Sectors	Weighting
Basic Materials	7.91%
Communication Services	11.52%
Consumer Discretionary	10.07%
Consumer Staples	6.96%
Financials	4.78%
Healthcare	16.68%
Industrials	12.65%
Energy	1.67%
Technology	16.91%
Utilities	1.03%
Cash	9.83%

Performance Chart – Class A GBP



Monthly Performance Data - Class A GBP

	January	February	March	April	May	June	July	August	September	October	November	December	Calendar 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%	-0.70%	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%												

Commentary

January was a difficult month for the Vermeer Global Fund. The early days of 2020 followed a similar pattern to the latter part of 2019, which saw a liquidity driven rally push equity prices higher. However, an outbreak of the coronavirus in Wuhan, China's 7th largest city, has pushed equities back down to finish the month in negative territory. The Vermeer Global Fund lost 2.5% in January as it was impacted by a combination of weakness in its largest position Varta, and also by our overweight stance to Japanese equities, which had a difficult month.

It is impossible to make any definitive judgements about the longer term implications of the coronavirus situation but inevitably comparisons have been drawn to the 2003 outbreak of SARs, which caused short term dislocation in markets and pushed Japanese equities down 10% before they recovered as it became apparent that the spread of the disease had been contained. It is also worth noting that in 2003, China accounted for around 4% of global GDP, compared to 16% in 2019.

Over the month the top five contributors to performance were Microsoft, Apple, Davide Campari-Milano, Alphabet and Treatt. The top five detractors to performance were Varta, Equinor, Nihon M&A Center, Target and Standard Chartered.

Varta, which performed excellently in 2019, has reversed some of its gains in January. The shares rose just over 120% in the second half of last year, on increasingly bullish forecasts of demand for its micro batteries in wireless headsets and the belief that the technology and manufacturing "know how" was patent protected. Varta has become the victim of its own success because the demand for these wireless devices for the major manufacturers has massively outstripped both Varta's and their clients' expectations. As a consequence, Samsung, and other manufacturers have looked for alternative suppliers as Varta was unable to satisfy the demand. Varta states that these Chinese manufacturers have breached 4 of their patents and are pursuing legal action. In the meantime, Varta's statement that they are the only company who can produce these batteries is now being treated with a high degree of scepticism by the market. Despite this news, analysts' forecasts are almost unchanged for the next two years, with over 75% growth expected this year and around 30% growth in 2021. Given the entry of new suppliers, it is difficult to forecast the long-term market share, and pricing of these products for Varta. As a result, the shares have been materially de-rated to a level where we do not feel it is appropriate to further reduce the position which we began trimming in late 2019.

In early January the Fund sold its positions in both Tencent and Treasury Wine Estates. In the short term we saw too much uncertainty surrounding Treasury Wine, from the departure of its CEO to the impact of the bushfires in its home Australian market and potential recurring issues in its US supply chain. After a strong rally in the shares, we sold Tencent on the view that analyst expectations remain too ambitious given short-term headwinds in certain parts of its business.

The new uncertainty caused by the coronavirus has led us to move our cash position back up to around 10% after reducing cash throughout 2019. Global equities have been carried relentlessly higher on a wave of trade deal optimism, permanently low interest rates and a fear of missing out on a bull market that has largely been distrusted by investors since it began in 2009. We will remain on the side-lines until there is greater clarity from the tragic impact of the virus but would anticipate that when it is contained and the situation shows signs of normalising, we would be adding back to our positions, notably in Japan.