# Vermeer Global Fund

May 2020

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 | 3m | 6m | 1 Year | 3 Year |
|---|---|---|---|---|---|
| Class A | 8.11% | 9.66% | 2.35% | 14.26% | 35.18% |

| | 2017 | 2018 | 2019 | YTD | ITD |
|---|---|---|---|---|---|
| Class A | 18.99% | -2.03% | 25.90% | 1.36% | 51.62% |

| Portfolio Manager | Tim Gregory |
|---|---|
| Inception Date | 5th December 2016 |
| Base Currency | GBP |
| Dealing | Daily |
| Initial Charge | None |
| AUM | £25.7m |
| Estimated Yield | 1.45% |
| No. of Holdings | 59 holdings |
| Active Share | 83.3% |
| Available Platforms | FNZ, Transact, Platform Securities, Pershing, 7IM, Novia, AllFunds, Ascentric |

| Share Class | AMC | OCF* | Min | Price |
|---|---|---|---|---|
| Class A | 0.45% | 0.70% | £3million | 151.617082 |
| Class A1 | 0.45% | 0.70% | $5million | - |
| Class A2 | 0.25% | 0.50% | £20million | 105.654457 |
| Class A3 | 0.25% | 0.50% | £20million | 115.040567 |
| Class B | 0.75% | 1.00% | £5,000 | 137.360855 |
| Class B1 | 0.75% | 1.00% | $7,500 | 117.442300 |
| Class C | 0.75% | 1.00% | £5,000 | 144.579153 |

**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 Corp. | 4.68% |
| Roche Holding | 3.96% |
| Varta AG | 3.82% |
| Keyence Corporation | 3.62% |
| Apple Inc | 3.40% |
| Novo-Nordisk | 2.67% |
| Nihon M&A Center Inc | 2.31% |
| Cisco Systems | 2.28% |
| LuLuLemon Athletica Inc | 2.14% |
| Amazon.Com Inc | 2.07% |
| Cash | 6.16% |

## Geographical Split

| | |
|---|---|
| United States | 43.46% |
| Europe | 25.99% |
| Japan | 12.99% |
| United Kingdom | 8.15% |
| India | 1.91% |
| Singapore | 1.36% |
| Cash | 6.16% |

## Sectors

| | |
|---|---|
| Communication Services | 7.30% |
| Consumer Discretionary | 16.02% |
| Consumer Staples | 4.45% |
| Energy | 0.00% |
| Financials | 4.49% |
| Healthcare | 17.74% |
| Industrials | 15.20% |
| Materials | 7.82% |
| Technology | 19.77% |
| Utilities | 1.05% |
| Cash | 6.16% |

## 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% | | | | | | | |

Global equities continued to perform strongly in May as hopes of a global economic recovery from the lockdown caused by the tragic coronavirus outbreak continued to buoy markets. It seems astonishing to report that the Vermeer Global Fund is higher in Sterling terms year to date given the total collapse in global activity that has occurred in the second quarter. US equities led markets higher, and the S&P 500 is now down only 5% for the year whilst the Nasdaq is actually up 6.3% and rose nearly 7% in May alone.

Markets have responded favourably to the colossal stimulus that has been put in place by both central banks and governments all around the world, and our calculations suggest that central banks and governments have globally combined to provide stimulus of over $80trillion. Investors have chosen to shrug off anxiety caused by a significant but not unexpected deterioration in relations between the US and China, which were highlighted by a press conference given by President Trump at the end of the month. We are very concerned about this issue and the likely impact that it will have on global trade at a time when the economy can least afford it.

Over the month the top five contributors to return were Varta, Lululemon, Keyence, Nihon M&A Center and Ciena. The top five detractors to return were Pets at Home, Xylem, Hindustan Unilever, Vulcan Materials and HDFC Bank.

Early in the month we made the decision to sell our position in Japanese cosmetics company Kose. We have long been believers that the company would benefit from the growth in the millennial consumer and Asian tourism but recent results highlighted the impact of the fallout from the COVID-19 outbreak and management remain reluctant to change their unfriendly shareholder returns policy, despite pressure from investors. We used some of the capital to increase our position in Toyota. Although Toyota has not been immune to the impact on the auto sector as a result of the coronavirus, the company remains profitable and we believe that a lot of the bad news is now priced in. Early indications show a pick-up in auto demand in China, as more people are hesitant to use public transport, and would rather commute in the safety of their own cars.

In May we added to our position in Ocado following a fireside chat with co-founder and CEO Tim Steiner. The call helped confirm that the company remains well set up to take advantage of the accelerating shift towards online grocery following 20 years of investment in their platform and will benefit from scale efficiencies. The company are shifting production of their robots to larger manufacturers which will enable them to accelerate their international expansion and sign additional deals with new partners across the globe.

Despite our significant anxiety about both valuations and the deteriorating relationship between the US and China, we have continued to reduce cash in the portfolio to around 6% at the end of the month. We are monitoring very closely the historically stretched valuations between growth and value.