Vermeer Global Fund

Q4 2018

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:	£15.4million
Estimated Yield:	2.06%
No. of Holdings:	55
Active Share:	90%
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	YTD	ITD
-4.90%	-10.94%	-7.15%	-2.03%	18.99%	-2.03%	18.82%

**ITD Date 5th December 2016*

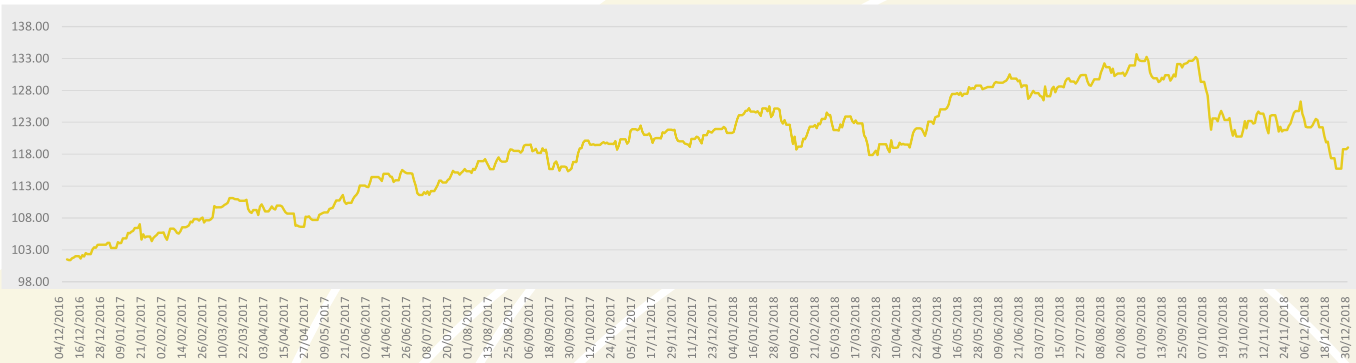
Top 10 Stock Holdings

Stock	Position
Microsoft	5.14%
Cisco	5.07%
Keyence	3.61%
Roche	3.03%
Medtronic	2.61%
GlaxoSmithKline	2.39%
Varta AG	2.25%
Davide Campari-Milano	2.25%
Madison Square Garden	2.22%
Alphabet - Class A	2.06%
Cash	11.97%

Share Class	AMC	OCF**	Min.Invest	Price
Class A	0.45%	0.70%	£3million	118.816
Class A1	0.45%	0.70%	$5million	-
Class A2	0.25%	0.50%	£20million	-
Class A3	0.25%	0.50%	£20million	91.169
Class B	0.75%	1.00%	£5,000	108.100
Class B1	0.75%	1.00%	$7,500	95.547
Class C	0.75%	1.00%	£5,000	115.442

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

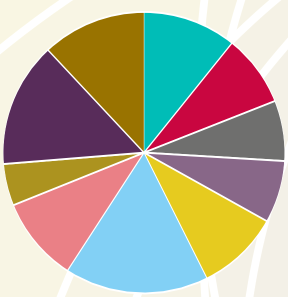
Performance Chart – Class A GBP



Monthly Performance Data - Class A GBP

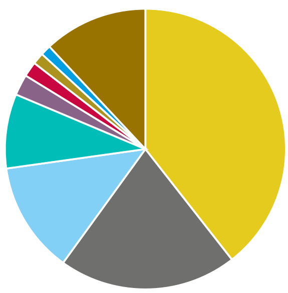
	January	February	March	April	May	June	July	August	September	October	November	December
2017	1.83%	3.16%	0.96%	-1.35%	5.19%	-1.18%	3.36%	3.97%	-2.29%	2.66%	0.39%	1.12%
2018	1.29%	1.17%	-3.96%	2.87%	4.95%	-0.70%	1.07%	3.13%	0.03%	-7.61%	1.36%	-4.90%

Sectors



Sectors	Weighting
Basic Materials	10.77%
Communication Services	8.25%
Consumer Discretionary	6.93%
Consumer Staples	7.14%
Financials	9.51%
Healthcare	16.56%
Industrials	9.76%
Energy	4.79%
Technology	14.31%
Utilities	0.00%
Cash	11.97%

Geographical Split



United States	39.44%
Europe	20.52%
Japan	12.82%
United Kingdom	8.58%
Australia	2.41%
Singapore	1.73%
India	1.33%
Hong Kong	1.20%
Cash	11.97%

Commentary

The Vermeer Global Fund performed solidly in the final month of the year leading to decent performance in the fourth quarter and as a result ended ahead of global markets for 2018. As a tumultuous 2018 finally draws to a close, global stock markets look likely to face a continuation of the political and economic uncertainty that has increasingly dominated the investment landscape as we move into 2019.

For many years the focus of investors was largely on the actions and commentary from Central Banks. Whilst this remains a major factor for markets for the time being and, for the foreseeable future, politics has taken over as the key main driver of global equities and investment themes. US politics and the trade war between the US and China appear certain to remain at the centre of daily headlines emanating from Washington and the White House.

Over the fourth quarter the top five contributors to return were Newmont Mining, HDFC Bank, Ciena, Roche and Davide Campari. The top five detractors to performance were Nihon M&A Center, Ferrari, Equinor, Keyence and Cisco.

In the fourth quarter the Fund moved more defensive, adding new positions in Deutsche Telekom and Philip Morris whilst increasing our existing position in Roche. We see Deutsche Telekom, with improving cash flows and solid yield support, as part of a sector that is reaching an inflection point after years of negative sentiment. The approval of the company's bid for Tele2's Dutch operations without conditions, at the end of the year, sets up the possibility of major consolidation of the European telecommunications sector, which should lead to overall better industry returns. Philip Morris offers a solid yield of over 5% whilst also offering growth from the iQOS heat not burn product helping to offset pressure on traditional sticks. Roche has spent a lot of time with investors outlining its pipeline aiming to ease concerns of a drop in sales from drugs that come off patent in the near future. We believe that the market is ascribing little value to this pipeline whilst also undervaluing the company's medical diagnostics business.

Along with increasing the defensive part of the portfolio, the Fund also trimmed back positions in highly valued growth stocks towards the end of the year. Positions in shares such as Netflix and Intuitive Surgical were reduced. We continue to like the long-term fundamentals of these companies as Netflix continues to increase its subscriber base and move towards positive free cash flow, whilst Intuitive builds on its installed base of da Vinci robotic surgery devices, helping increase procedure growth and recurring revenue.

The Fund invested in Ciena earlier in the year, a global leader in its niche market of optical transmission for wireless infrastructure. In December the company posted excellent fourth quarter results with 21% revenue growth vs the prior year. The company also raised top-line guidance from +5-7% to +6-8%. The raise in the long-term guidance increases confidence in the sustainability of Ciena's growth and ability to continue to win market share.

In the quarter we initiated a new small position in video gaming stock Take Two Interactive. The company has three main franchises in Grand Theft Auto, Red Dead Redemption and NBA 2K. The launch of key game Red Dead Redemption 2 was received exceptionally well and we expect monetisation of the online version of the game to help drive earnings growth. We suspect the market is materially undervaluing these three franchises and their future earnings potential.

Clearly, we cannot influence the behaviour or strategy of politicians. However, we can manage our portfolio of investments to reflect the current uncertainty and, with that in mind, we are retaining a higher than usual level of cash and focussing on a balance of long-term high quality growth situations, value stocks that have a catalyst for change and improvement, and defensive companies that also have a bias towards growth and good underlying cash flow prospects. We anticipate that this will help us to navigate through the period of uncertainty currently facing markets and perform strongly when better global growth prospects emerge from the current politically induced fog that surrounds global stock markets.