Vermeer Global Fund

September 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	-5.20%	2.00%	-9.94%	-15.15%

	1 Year	3 Year	5 Year	ITD
Class A	-11.24%	18.76%	48.99%	73.39%

Portfolio Manager	Tim Gregory
Inception Date	5th December 2016
Base Currency	GBP
Dealing	Daily
Initial Charge	None
AUM	£51.6m
Estimated Yield	1.9%
No. of Holdings	56 holdings
Active Share	82.2%

Available Platforms:

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

Share Class	AMC	OCF*	Min	Price
Class A	0.45%	0.70%	£3million	173.391549
Class A3	0.25%	0.50%	£20million	129.309785
Class B	0.75%	1.00%	£5,000	155.989854
Class B1	0.75%	1.00%	$7,500	120.695298
Class C	0.75%	1.00%	£5,000	161.955723

**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	4.40%
Apple	3.97%
Microsoft	3.90%
Roche	3.44%
Novo-Nordisk	3.31%
Oracle	3.02%
United Parcel Service	2.52%
Amazon	2.48%
Keyence	2.47%
Toyota Motor	2.45%
Cash	12.32%

Geographical Split

United States	42.22%
Europe	19.16%
United Kingdom	10.54%
Japan	10.51%
India	2.91%
Singapore	2.34%
Cash	12.32%

Sectors

Communication Services	6.59%
Consumer Discretionary	13.67%
Consumer Staples	5.23%
Energy	6.85%
Financials	3.15%
Healthcare	12.70%
Industrials	16.01%
Materials	3.13%
Technology	20.35%
Utilities	0.00%
Cash	12.32%

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%	3.96%	-4.42%	-2.73%	-5.03%	7.65%	-0.06%	-5.20%				-15.15%

Commentary – September 2022

September was a severe month for the global equity market. The S&P 500 fell by 9.2%, taking its year-to-date losses to just under 24% in local currency. The considerable weakness in the value of the Pound against the US Dollar has reduced this loss to 5.2% for the month and 7.4% for the year for Sterling based investors. The Vermeer Global Fund declined by 5.2% in September, slightly better than global markets. This was helped by holding around 12% cash over the month, with around 8% of this held in US Dollars although the Fund does remain underweight the US Dollar overall.

US equities have been under considerable pressure since Federal Reserve Chair Jerome Powell made it quite clear that there would be no pivot in policy. The Fed has emphasised that the path of monetary policy would continue to be an aggressive tightening of interest rates as inflation remains stubbornly high and the unemployment rate shows little sign of rising at a speed that would enable policy makers to slow the pace at which interest rates have to rise.

In Asia, the Chinese economy remains very weak, not helped by weakness in the property market and localised lockdowns as the Government continues with its zero COVID policy. The Chinese 20th National Congress is held in mid-October, and it will be interesting to see if it leads to any change in policy to help stimulate a rebound in growth. Elsewhere in Asia, Japan is now reopening its borders. Hopefully, this will boost its economy, especially given the recent continued weakness in the Yen. The Japanese central bank has steadfastly stuck to its zero-interest rate policy, creating a considerable differential in strategy from nearly all other global central banks and so has sent the Yen into freefall against the US Dollar, ending the third quarter over 25% weaker so far this year.

In the UK, the new Conservative Party leadership introduced policies to lower taxes in order to stimulate growth alongside counteracting high energy prices and rising interest rates. However, the government subsequently failed to explain how this could be funded without adding to an already sizeable debt burden. This caused a sharp fall in the value of Sterling and the large rise in Gilt yields, forcing the Bank of England to step in and stabilise the long duration end of the market, specifically Gilts with a maturity of at least 20 years, to avoid problems for many UK pension funds.

Over September the top five contributors to return were Roche, Treatt, DBS Group, Newmont and Zimmer Biomet. The top five detractors to return were Oracle, UPS, Apple, Varta and Ocado.

Once again, the Fund made very few changes to the portfolio over the month. We trimmed our position in BP following continued good stock performance whilst we also made the decision to sell the rest of our holding in Pets at Home. Pets at Home remains a company that we greatly admire, and it has executed exceptionally well over the last few years, but we believe that the ongoing macroeconomic environment may be very difficult and make it hard for the shares to perform.

We have been cautious about the outlook for equities throughout 2022 and have increased the cash weighting of our portfolio over the year to end the quarter at around 12% to reflect the difficult global economic situation. We do believe that the market has now understood the implications for higher interest rates and a higher level of persistent inflation. We have already seen a number of profit warnings as we move into the results season which we think is important to help reset expectations for analyst estimates for both the remainder of 2022 and 2023. Once these downgrades are better understood by investors it may be that the global equity market will be able to bottom out and begin a recovery heading into the year end.

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