

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 26th March 2021



MACRO

- In the UK, CPI came in at 0.4% for the 12 months to the end of February, lower than expected, as clothing and second-hand cars drove the inflation rate downwards
- As events of the last year have further exacerbated the pressure on high street retailers, John Lewis announced that they would be closing a further eight stores
- In the US, the Federal Reserve did not extend looser capital requirements for US banks that it had introduced at the start of the pandemic

STATISTIC OF THE WEEK

Following a brief cooling off period, the oil price rallied once again as a giant containership – almost as long as the Empire State Building is tall – ran aground in the Suez Canal. The blockage is holding up around \$9.6bn worth of goods a day. More than 300 ships are stuck on either side of the blockage and some vessels have had to reroute around Africa.

The pandemic itself was already exposing vulnerabilities in global supply chains. Container shipping rates have more than tripled as companies that control shipping lines took out capacity in expectation of falling demand. Now it costs about \$4,000 to ship a 40-ft container between east Asia and the US west coast, up from \$1,500 at the start of 2020

COMPANY NEWS

- **Halma** highlighted the resilience of its business upping its guidance on Wednesday, stating that pre-tax profits for the year to March would be the same as the previous year's £267m
- **Richemont** shares finished the week higher on rumours of a takeover by **Kering**
- **Kansas City Southern**, the smallest of the seven Class 1 railway operators in the US, agreed to be taken over by **Canadian Pacific**

FUND NEWS

The polarisation of Covid-19 “winners” versus stocks that should benefit from the reopening of the economy is pretty evident in the property sector with meds (hospitals) and

sheds (logistics warehouses) having outperformed their office and retail park peers. Yet, unlike some sectors (travel etc), the recovery in the latter has still not really caught on. Take **Secure Income REIT** and **Yew Grove REIT**, both of whom are collecting 100% of their rents again, yet still sit on meaningful discounts to NAV (or NTA) as investors question whether a “reopening” of the economy will lead to “re-commuting”, “re-business travel” and “re-officing”. We look forward to seeing how the experienced management teams of these two funds update the market over the coming months

THIS WEEK IN HISTORY

1954: the London gold market reopens for the first time since 1929 at \$35 an ounce

2009: in an early sign of the swift actions taken to repair the US banking system after the Great Financial Crisis, the Obama administration unveils plans to set up a \$1tn fund for US banks to offload bad assets such as subprime mortgages

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-0.31	3.48	16.33	29.87
World Equities (% return GBP)	0.35	3.86	33.50	98.67
10 Year US Treasury Yield	1.69	1.37	0.83	1.91
GBP / USD (fx rate)	1.38	1.39	1.22	1.41

As at 26th March 2021. Source: Financial Express

This publication has been produced by Vermeer Investment Management Limited (VIM) trading as Vermeer Partners. It is provided for information purposes only. VIM makes no express or implied warranties and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. VIM will not treat unauthorised recipients of this publication as its clients. Prices shown are indicative and VIM is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall VIM, nor any of its officers, directors, partners, or employees,

Vermeer Partners

130 Jermyn Street, London, SW1Y 4UR

T +44 (0)20 7123 5200

E info@vermeerllp.com

vermeerllp.com

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 26th March 2021



have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to VIM, the information contained in this publication has been obtained from sources that VIM believes to be reliable, but VIM does not represent or warrant that it is accurate or complete. VIM is not responsible for, and makes no warranties whatsoever as to, the content of any third-party website referred to herein or accessed via a hyperlink in this publication and such information is not incorporated by reference.

The views in this publication are those of the author(s) and are subject to change. VIM has no obligation to update its opinions or the information in this publication. This publication does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the client who receives it. Any securities discussed herein may not be suitable for all investors. VIM recommends that investors independently evaluate each issuer, security or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This material has been issued and approved for distribution in the UK by VIM.

©2021 Vermeer Investment Management Limited. All rights reserved. No part of this publication may be reproduced or redistributed in any manner without the prior written permission of VIM.

VIM is authorised and regulated by the Financial Conduct Authority (FRN: 710280) and is incorporated in England and Wales (company number: 09081916).