

# BlueBox Funds- BlueBox Global Technology Fund

Direct Connection



## Fund Objective

The Fund's principle objective is to seek long term capital growth by investing mainly in shares of companies having their principle business in the technology sector or profiting from it. The Fund invests globally and is not benchmark constrained.

## Investment Theme—Direct Connection

The Direct Connection of computers to the real world has enabled the technology revolution of the past 15 years, driving an acceleration in tech adoption simultaneously across all industry verticals. With every other industry investing its excess returns in technology, we expect the IT sector to continue to outperform the broader market as it steals the growth from the rest of the economy. The Fund focuses on the companies enabling Direct Connection, giving it exposure to the most exciting developments in the sector without needing to chase over-hyped themes or invest in over-valued stocks.

## Investment Team

Lead Portfolio Manager

William de Gale, FCA, CFA



Portfolio Manager

Rupert de Borchgrave, CFA



## BlueBox Global Technology Fund Performance



%														S&P BMI IT INDEX		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch	YTD	Since Launch
2022	-13.09	-6.45	1.53	-13.19	2.32	-12.62	15.91	-6.04					-30.23	88.29	-26.06	78.90
2021	0.89	3.61	1.57	3.60	0.42	6.50	2.01	5.00	-6.52	6.03	2.85	2.45	31.58	169.88	25.83	141.95
2020	1.15	-3.90	-10.06	13.90	8.12	8.95	8.49	5.50	-1.70	0.01	15.12	7.78	63.77	105.10	44.95	92.28
2019	10.44	5.12	2.95	7.55	-9.42	8.44	1.62	-3.82	2.47	2.29	5.34	4.03	41.74	25.23	46.00	32.66
2018				-0.10	4.55	-0.89	1.32	2.70	-2.49	-10.90	1.93	-7.36	-11.65	-11.65	-9.14	-9.14

<sup>1</sup> Performance based on Share Class S since launch on 29 March 2018 (ISIN LU1793347128)

<sup>2</sup> S&P Global BMI IT INDEX is Net Total Return, calculated since launch of BBGT on 29 March 2018

## Top 10 Holdings

Microsoft	6.7 %
Taiwan Semiconductor	5.5 %
Adobe	5.3 %
Cadence Designs	4.2 %
Synopsys	4.2 %
Alphabet	4.1 %
EPAM Systems	4.1 %
MercadoLibre	4.0 %
ASML Holding	3.9 %
Lam Research	3.9 %
Total	45.9 %

## Top Countries

United States	69.7 %
Netherlands	6.0 %
Japan	5.7 %
Taiwan	5.5 %
Argentina	4.0 %
South Korea	3.3 %
Ireland	2.1 %
Sweden	2.0 %
Cash & equivalents	1.7 %

## Market Capitalisation

Mega cap (>\$350bn)	18.5 %
Large cap – upper (\$200bn - \$350bn)	3.4 %
Large cap – mid (\$100bn - \$200bn)	21.3 %
Large cap – lower (\$10bn - \$100bn)	55.1 %
Mid cap (\$1bn - \$10bn)	0.0 %
Small cap (<\$1bn)	0.0 %
Cash & equivalents	1.7 %

## Sector Allocation

Software & services	39.1 %
Semiconductors & semi equipment	35.7 %
Hardware & components	17.3 %
Consumer discretionary	6.2 %
Cash & equivalents	1.7 %

Top 10 Holdings, Top Countries, Market Capitalisation & Sector Allocation as of 31.08.2022

## William de Gale's Monthly Comment

After a strong start to August, the tech market went into reverse towards the end of the month, as investors fretted about the impact of inflation and rising interest rates on the economy. Our companies continued to announce solid quarterly results, most notably very strong reports from EPAM and MercadoLibre, but some managements tempered their forward guidance in case macro conditions suddenly deteriorated. This especially impacted our semiconductor-related holdings, and took the BlueBox fund down 6.0% in August, partially reversing July's gains.

It is therefore no surprise that the biggest detractors from performance were semiconductor names: NVIDIA (-17%), ASML Holding (-14%) and Lam Research (-13%). In contrast, EPAM (+22%) and MercadoLibre (+5%) were the main winners. It is worth noting that EPAM's stock price ended August higher than before the Russian invasion of Ukraine, a remarkable performance which has led us to trim our position several times to take profits and maintain an appropriate weight in the name. We also sold our position in NXP Semiconductor, but bought small positions in two other chip names: Monolithic Power Systems and Marvell Technology.

It remains unclear whether we have already seen the bottom for the tech sector, or if we will mark a new low in the coming months. If a new low does come, we'd expect it to be in late October/early November, as a result of economic deceleration leading to even weaker results and guidance in the broad market than investors currently expect. In our opinion, that should have significantly less impact on the profitable-growth tech names upon which we focus, than on "old economy" stocks, especially those that are mainly consumer-facing. Alternatively, it is quite possible that investors have already priced in a plausible worst-case scenario, with tech companies continuing to recover into 2023, albeit with plenty of volatility.

We continue to believe that trying to time these short-term moves is essentially futile: we remain confident in the long-term earnings growth of our holdings, meaning that we expect the upside, when it comes, to be greater than the preceding downside. We know that much of that downside is now behind us (possibly all of it), while the recovery remains ahead, and recovery can progress very sharply, as shown in July. We therefore remain fully invested in what we believe are the best-positioned profitable enablers, which remain the main engine of profit growth globally. This gives our investors exposure to the strongest technology trends, without the absurd valuations and poor business models of many of the high-profile, but profitless, disrupters.

### Portfolio Construction

Asset Class	Equity
Number of Securities	30-40
Weight	10% maximum
Turnover	Low
Market Cap	Mainly Targeting \$10 bn - \$100 bn
Geographic Allocation	Global
Cash	Minimal cash, always below 10%
Benchmark	Flexible, not benchmark oriented
AuM	\$463 million

### Key Facts

Fund Base Currency	USD
Liquidity	Daily
Fund Type	UCITS
Legal Status	SICAV
Domicile	Luxembourg
Auditor	PwC
Custodian	Northern Trust Global Services SE
Launch Date*	March 29th 2018

\* The Fund was launched under Share Class S, with Management Fee of 1% until December 2020, 0% Management Fee since. The Share Class is closed to new investors.

### Share Classes

	A Acc.	C Acc.	I Acc.
Min. Initial Investment:	\$ 10,000.-	\$ 1,000.-	\$ 150,000.-
Annual Management Fee:	1.5 %	2.2 %	1.0 %
Launch Date:	Feb 10th 2020	Nov 27th 2020	Oct 5th 2020
<b>USD</b>			
ISIN:	LU1793345262	LU2092176275	LU1793346666
Bloomberg Ticker:	BLBGTA LX	BLBGTC LX	BLBGTI LX
<b>EUR</b>			
ISIN:	LU1793345429	LU2092176515	LU1793346823
Bloomberg Ticker:	BLBGTA LX	BLBGTC LX	BLBGTI LX
<b>GBP</b>			
ISIN:	LU1793345346	LU2092176358	LU1793346740
Bloomberg Ticker:	BLBGTA LX	BLBGTC LX	BLBGTI LX

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