

BlueBox Funds- BlueBox Global Technology Fund

Direct Connection



Global Technology Fund



bluebox

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



%														YTD	Since Launch	S&P BMI IT INDEX	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD			Since Launch	YTD
2022	-13.09	-6.45	1.53	-13.19	2.32	-12.62	15.91	-6.04	-13.44	3.67	13.70	-9.04	-35.24	74.76	-31.34	66.13	
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	

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

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

Top 10 Holdings

Microsoft	5.9 %
Taiwan Semiconductor	5.6 %
Lam Research	4.7 %
Adobe	4.6 %
Applied Materials	4.6 %
Alphabet	4.0 %
ASML Holding	4.0 %
Tokyo Electron	3.9 %
MercadoLibre	3.9 %
Intuit	3.8 %
Total	45.0 %

Top Countries

United States	70.6 %
Netherlands	6.7 %
Japan	6.2 %
Taiwan	5.6 %
Argentina	3.9 %
South Korea	2.9 %
Sweden	2.3 %
Ireland	1.8 %
Cash & equivalents	0.0 %

Market Capitalisation

Mega cap (>\$300bn)	18.0 %
Large cap – upper (\$200bn - \$300bn)	6.9 %
Large cap – mid (\$100bn - \$200bn)	17.8 %
Large cap – lower (\$10bn - \$100bn)	57.3 %
Mid cap (\$1bn - \$10bn)	0.0 %
Small cap (<\$1bn)	0.0 %
Cash & equivalents	0.0 %

Sector Allocation

Semiconductors & semi equipment	40.7 %
Software & services	33.0 %
Hardware & components	16.9 %
Consumer discretionary	5.4 %
Communication services	4.0 %
Cash & equivalents	0.0 %

Top 10 Holdings, Top Countries, Market Capitalisation & Sector Allocation as of 31.12.2022

William de Gale's Monthly Comment

December saw a reversal of some of the gains of the previous 6 weeks, despite further evidence of slowing US inflation, and the BlueBox Global Technology Fund was down 9.0% on the month. All the portfolio's holdings were down, with the biggest decliners being Marvell Technology (-20%), Salesforce (-17%), Advanced Micro Devices (-17%) and Airbnb (-16%); while Adobe (-2%) and Analog Devices (-4%) held up best.

Looking at 2022 as a whole, the year started with a sharp drop in January as investors began to worry about accelerating inflation and the risk that central banks would need to raise interest rates so much in response that economies would go into recession. As one would expect, the initial correction was focused on stocks with the greatest recent momentum, and the BlueBox tech fund (ranking in the top few percent of tech funds over the previous three years) suffered as a result, underperforming the sector quite sharply in the first six weeks of the year.

However, we reacted promptly, and had reduced our substantial exposure to the semiconductor industry by early April, when semis started 6 months of significant under-performance vs the rest of the Technology sector. Russia's invasion of Ukraine had by then given inflation a boost, and the remainder of 2022 saw steady declines for tech, broken by major rallies in July and November, as investors weighed the probability of a policy pivot, with the Fed balancing the long-term need to fight inflation against collateral damage to the economy's short-term prospects.

We took the view at the end of October that sufficient pessimism had been built into semiconductor stocks, so we returned to a position of "max-semiconductor", taking our chip weight back to the 40% level of 9 months earlier, at the expense of software and services names. This proved well-timed, with semiconductors outperforming substantially in November, helping us regain much of the relative ground lost at the start of the year. The fund ended 2022 down 35.2% on the year, against a 31.3% decline for the global tech benchmark, but up almost 75% since launch (12.5% per annum), well ahead of the benchmark and once again in the top decile of global technology funds over 3 years (Bloomberg).

As we enter 2023, it remains uncertain whether the bottom for the sector in mid-October marked the beginning of a sustained recovery, but we have seen nothing to shake our confidence in the long-term earnings growth of our holdings, meaning that we expect the recovery to be greater than the preceding downside, and most of that recovery remains ahead. We therefore continue to be fully invested in what we believe to be the best-positioned profitable enablers, which remain the main engine of profit growth globally. This gives BlueBox 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	\$411 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*	29 March 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

	C Acc. Retail	A Acc. Retail	R Acc. Retail	I Acc. Institutional
Min. Initial Investment:	\$1,000.-	\$10,000.-	\$150,000.-	\$150,000.-
Annual Management Fee:	2.2 %	1.5 %	1.0 %	1.0 %
Launch Date:	27 Nov 2020	10 Feb 2020	20 Sept 2022	5 Oct 2020
USD				
ISIN:	LU2092176275	LU1793345262	LU2497703376	LU1793346666
Bloomberg Ticker:	BLBGTCX LX	BLBGTA LX	BLUBRUA LX	BLBGTL LX
EUR				
ISIN:	LU2092176515	LU1793345429	LU2497703533	LU1793346823
Bloomberg Ticker:	BLBGTC LX	BLBGTA LX	BLUBREA LX	BLBGTL LX
GBP				
ISIN:	LU2092176358	LU1793345346	LU2497703459	LU1793346740
Bloomberg Ticker:	BLBGTC LX	BLBGTA LX	BLUBRGA LX	BLBGTL LX

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