

BlueBox Funds- BlueBox Islamic Global Technology Fund SP

Direct Connection

Asset Management

CITYWIRE BRONZE

bluebox

Fund Objective

The Fund's principle objective is to seek long term capital growth by investing exclusively in shares of Shariah-compliant 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

CITYWIRE AA



Portfolio Manager

Rupert de Borchgrave, CFA

CITYWIRE AA



BlueBox Global Islamic Technology Fund SP Performance

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch	DOW JONES ISLAMIC MARKETS TECHNOLOGY INDEX	
															YTD	Since Launch
2022							4.69	-6.81	-13.81	2.35	13.13	-9.76	-12.14	-12.14	-11.54	-11.54

¹ Performance based on Share Class A since launch on 22 July 2022 (ISIN KYG1330J1004)

² DOW JONES Islamic Markets Technology INDEX is Net Total Return, calculated since launch of BBIGT on 22 July 2022

The Shariah Process

The Shariah-compliant version of our technology strategy uses the Dow Jones Islamic Markets World Index and the S&P Frontier BMI Shariah Index for Shariah screening. New purchases must be included in either of these indices, while stocks deleted from the indices must be sold. An exception can be made to participate in initial public offerings, but these stocks must be included promptly in one of the two indices for them to be held long-term. When back-testing this process, we identified an 89% commonality with the existing BlueBox fund over time: modelling the impact of Shariah-compliance on the fund's historic performance made little difference.

The above-mentioned indices determine the percentage of income to be purified for each stock, based on which the portfolio purification data is calculated on an annual basis. The BlueBox Islamic Global Technology Fund appoints its own Shariah Supervisory Board (Shariyah Review Bureau, Bahrain), and it will undertake regular Islamic audits.

Top 10 Holdings

Taiwan Semiconductor	6.5 %
Microsoft	6.3 %
Adobe	5.9 %
Applied Materials	5.3 %
Lam Research	5.1 %
ASML Holding	4.9 %
Tokyo Electron	4.4 %
MercadoLibre	4.0 %
Synopsys	4.0 %
Alphabet	3.9 %
Total	50.3 %

Top Countries

United States	69.3 %
Netherlands	7.7 %
Japan	6.7 %
Taiwan	6.5 %
Argentina	4.0 %
Sweden	2.4 %
Ireland	1.9 %
Cash & equivalents	1.5 %

Market Capitalisation

Mega cap (>\$300bn)	19.3 %
Large cap – upper (\$200bn - \$300bn)	4.8 %
Large cap – mid (\$100bn - \$200bn)	15.1 %
Large cap – lower (\$10bn - \$100bn)	59.3 %
Mid cap (\$1bn - \$10bn)	0.0 %
Small cap (<\$1bn)	0.0 %
Cash & equivalents	1.5 %

Sector Allocation

Semiconductors & semi equipment	43.9 %
Software & services	31.3 %
Hardware & components	14.5 %
Consumer discretionary	4.8 %
Communication services	4.0 %
Cash & equivalents	1.5 %

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 Islamic Global Technology Fund was down 9.8% 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.

The Islamic fund launched only in July 2022, but the BlueBox technology strategy has been running for almost 5 years, and it is important to look at 2022 as a whole in order to understand changes we made to the shariah-compliant version late in the year.

2022 started with a sharp drop in January, because 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. The Russian invasion of Ukraine exacerbated inflationary pressures from March, thus increasing the risk of recession. Macro fears tend to hit the cyclical semiconductor industry hard, so we reduced our substantial exposure to the chip industry during the first quarter. This proved fortunate, as the semiconductors significantly under-performed the rest of the Technology sector over the next seven months.

The second and third quarters of the year saw continued declines for the sector, despite a major rally in July, with considerable volatility 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". For the Islamic fund, that meant taking our chip weight above 40%, at the expense of software and services names. This proved well-timed, with tech rallying and semiconductors out-performing substantially in November, helping us regain much of the relative ground lost earlier in the year. The fund ended 2022 down 12.1% since launch, against a 11.5% decline for the Islamic technology benchmark.

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, shariah-compliant enablers, which remain the main engine of profit growth globally. This gives BlueBox Islamic 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		Key Facts		Share Classes															
Asset Class	Islamic Equity	Fund Base Currency	USD	D Acc.	B Acc.	I Acc.													
				Retail	Institutional	Institutional													
Number of Securities	30 - 40	Liquidity	Daily	Min. Initial Investment:	\$100,000.-	\$1,000,000.-	\$20,000,000.-												
Weight	10 % maximum	Fund Type	Mutual Fund	Annual Management Fee:	2.2 %	1.7 %	1.1 %												
Turnover	Low	Legal Status	SPC	USD															
Market Cap	Mainly Targeting \$10 bn - \$100 bn	Domicile	Cayman Islands	ISIN:	KYG1330J1426	KYG1330J1269	KYG1330J1186												
Geographic Allocation	Global	Auditor	PwC	Bloomberg Ticker:	BLBXFD KY	BLBXFB KY	BLBXFI KY												
Cash	Minimal cash, always below 10 %	Islamic Finance Consultant	Shariyah Review Bureau W.L.L.	<table border="1"> <tr> <td colspan="4">PURIFICATION BLUEBOX ISLAMIC GLOBAL TECHNOLOGY FUND</td> </tr> <tr> <td></td> <td>Q3 2022</td> <td colspan="2">Q4 2022</td> </tr> <tr> <td>Purification per unit of the Fund</td> <td>0.0328</td> <td colspan="2">0.0349</td> </tr> </table>				PURIFICATION BLUEBOX ISLAMIC GLOBAL TECHNOLOGY FUND					Q3 2022	Q4 2022		Purification per unit of the Fund	0.0328	0.0349	
PURIFICATION BLUEBOX ISLAMIC GLOBAL TECHNOLOGY FUND																			
	Q3 2022	Q4 2022																	
Purification per unit of the Fund	0.0328	0.0349																	
Benchmark	Flexible, not benchmark oriented	Custodian	Northern Trust Global Services SE																
		Launch Date	22 July 2022																

Important Information

This report has been prepared for information only and must not be distributed, published, reproduced or disclosed by recipients to any other person. All information provided here is subject to change without notice. All investors must obtain and carefully read the Offering Document and Supplement, which contains additional information needed to evaluate the potential investment and provides important disclosures regarding risks, fees and expenses. Past performance is not an indication of current or future performance. Performance shown does not take account of any fees and costs charged when subscribing or redeeming shares. Data and graphical information herein are for information only. No separate verification has been made as to the accuracy or completeness of these data which may have been derived from third party sources. As a result, no representation or warranty, expressed or implied, is or will be made by BLUEBOX FUNDS as regards the information contained herein. Source of data: BlueBox Asset Management SA.

In the United Kingdom, this communication is issued by BlueBox Asset Management UK Ltd. BlueBox Asset Management UK Ltd. is authorized and regulated by the Financial Conduct Authority (FRN: 952970). This material constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (the "Act") and the handbook of rules and guidance issued from time to time by the FCA (the "FCA Rules"). This material is for information purposes only and does not constitute an offer to subscribe for or purchase any financial instrument. All information provided is not warranted as to completeness or accuracy and is subject to change without notice. This communication and any investment or service to which this material may relate is exclusively intended for persons who are Professional Clients or Eligible Counterparties for the purposes of the FCA Rules or fall into a relevant category under COBS 4.12 in the FCA Rules and other persons should not act or rely on it. This communication is not intended for use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

The Offering Document and Supplement, the by-laws as well as the latest annual and semi-annual reports can be obtained on www.blueboxfunds.com. Past data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The information contained in this document is not intended for retail investors. It is only available for well informed investors, qualified investors or professional investors. This is an advertising document.