

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



| % | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | Since Launch | S&P BMI IT INDEX | |
|------|-------|------|-------|-------|------|-------|------|------|-------|-------|------|------|-------|--------------|------------------|--------------|
| | | | | | | | | | | | | | | | YTD | Since Launch |
| 2023 | 14.8 | -0.5 | | | | | | | | | | | 14.2 | 99.5 | 10.0 | 82.7 |
| 2022 | -13.1 | -6.5 | 1.5 | -13.2 | 2.3 | -12.6 | 15.9 | -6.0 | -13.4 | 3.7 | 13.7 | -9.0 | -35.2 | 74.8 | -31.3 | 66.1 |
| 2021 | 0.9 | 3.6 | 1.6 | 3.6 | 0.4 | 6.5 | 2.0 | 5.0 | -6.5 | 6.0 | 2.9 | 2.5 | 31.6 | 169.9 | 25.8 | 142.0 |
| 2020 | 1.2 | -3.9 | -10.1 | 13.9 | 8.1 | 9.0 | 8.5 | 5.5 | -1.7 | 0.0 | 15.1 | 7.8 | 63.8 | 105.1 | 45.0 | 92.3 |
| 2019 | 10.4 | 5.1 | 3.0 | 7.6 | -9.4 | 8.4 | 1.6 | -3.8 | 2.5 | 2.3 | 5.3 | 4.0 | 41.7 | 25.2 | 46.0 | 32.7 |
| 2018 | | | | -0.1 | 4.6 | -0.9 | 1.3 | 2.7 | -2.5 | -10.9 | 1.9 | -7.4 | -11.7 | -11.7 | -9.1 | -9.1 |

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 | 6.1 % |
| Taiwan Semiconductor | 5.2 % |
| Applied Materials | 4.9 % |
| Lam Research | 4.7 % |
| MercadoLibre | 4.4 % |
| Adobe | 4.1 % |
| Tokyo Electron | 3.9 % |
| Alphabet | 3.8 % |
| ASML Holding | 3.7 % |
| Intuit | 3.6 % |
| Total | 44.4 % |

Top Countries

| | |
|--------------------|--------|
| United States | 71.3 % |
| Netherlands | 6.2 % |
| Japan | 5.7 % |
| Taiwan | 5.2 % |
| Argentina | 4.4 % |
| South Korea | 2.5 % |
| Sweden | 1.8 % |
| Ireland | 1.5 % |
| Cash & equivalents | 1.4 % |

Market Capitalisation

| | |
|---------------------------------------|--------|
| Mega cap (>\$300bn) | 20.9 % |
| Large cap – upper (\$200bn - \$300bn) | 3.7 % |
| Large cap – mid (\$100bn - \$200bn) | 17.3 % |
| Large cap – lower (\$10bn - \$100bn) | 56.7 % |
| Mid cap (\$1bn - \$10bn) | 0.0 % |
| Small cap (<\$1bn) | 0.0 % |
| Cash & equivalents | 1.4 % |

Sector Allocation

| | |
|---------------------------------|--------|
| Semiconductors & semi equipment | 41.8 % |
| Software & services | 31.1 % |
| Hardware & components | 15.7 % |
| Consumer discretionary | 6.2 % |
| Communication services | 3.8 % |
| Cash & equivalents | 1.4 % |

Top 10 Holdings, Top Countries, Market Capitalisation & Sector Allocation as of 28.02.2023

William de Gale's Monthly Comment

January saw a strong upward move for the Technology sector, but this faded fast in February as investors digested mixed economic news, so despite solid quarterly reports and guidance from most of our companies, the BlueBox Global Technology Fund ended the month down slightly, -0.5%, but still up 14.2% year to date.

The stocks that declined most in the month were Adobe (-13%), Trimble (-10%) and Samsung Electronics (-10%); while the biggest positive contributors were NVIDIA (+19%), Ansys (+14%) and Monolithic Power Systems (+14%).

NVIDIA is already up 59% this year, largely because the "hot tech story" of 2023 has been ChatGPT, a chatbot that has processed so much written text that it can produce long and convincingly human-like passages of writing in response to questions or prompts, based largely on statistical analysis of what the next word or phrase would most likely be. There are significant flaws to this, such as "hallucinations" and a time-limited data set, but ChatGPT represents a significant step forward for artificial intelligence, and once Microsoft bought a stake in ChatGPT's developer and announced that the chatbot would be integrated into its Bing search engine, natural language AI looked like a threat to Alphabet's dominant Google search, forcing the latter to unveil its own chatbot in response.

This development provides a demonstration of the strength of our investment approach: by owning the key technology enablers, the BlueBox Global Technology Fund benefits from successive rounds of tech-driven disruption, without having to identify those developments in advance. The market has already correctly worked out that the big winners of a Chatbot War may not be the companies deploying the bots: Microsoft (+4% this year) and Google (+2%) are both underperforming IT (+10%) because they may have to spend huge amounts of money on ever more data centres to support massively compute-intensive chatbots, threatening to undermine the economics of search unless users will pay for it. Investors have already worked out that the obvious winners would include companies that supply processors suited to natural language AI, such as NVIDIA and Advanced Micro Devices (+59% and +21% respectively year-to-date, both held by BlueBox). Other enablers that we own, that might in time benefit, range from Arista Networks (connecting the processing power) to EPAM (helping companies adopt chatbots in their businesses).

Without knowing in advance that natural language processing would suddenly become the hot tech theme of 2023, we already own several of the apparent beneficiaries, because essentially the same group of enabling companies supports each disruptive innovation as it arises. Those very profitable enablers remain the main engine of profit growth globally, giving 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 | | Key Facts | | Share Classes | | | | |
|------------------------------|-------------------------------------|--|-----------------------------------|--------------------------|---------------|---------------|---------------|--------------|
| Asset Class | Equity | Fund Base Currency | USD | C Acc. | A Acc. | R Acc. | I Acc. | |
| Number of Securities | 30-40 | Liquidity | Daily | Retail | Retail | Retail | Institutional | |
| Weight | 10 % maximum | Fund Type | UCITS | Min. Initial Investment: | \$1,000.- | \$10,000.- | \$150,000.- | \$150,000.- |
| Turnover | Low | Legal Status | SICAV | Annual Management Fee: | 2.2 % | 1.5 % | 1.0 % | 1.0 % |
| Market Cap | Mainly Targeting \$10 bn - \$100 bn | Domicile | Luxembourg | Launch Date: | 27 Nov 2020 | 10 Feb 2020 | 20 Sept 2022 | 5 Oct 2020 |
| Geographic Allocation | Global | Auditor | PwC | USD | | | | |
| Cash | Minimal cash, always below 10 % | Custodian | Northern Trust Global Services SE | ISIN: | LU2092176275 | LU1793345262 | LU2497703376 | LU1793346666 |
| Benchmark | Flexible, not benchmark oriented | Launch Date* | 29 March 2018 | Bloomberg Ticker: | BLBGTCC LX | BLBGTAA LX | BLUBRUA LX | BLBGTII LX |
| AuM | \$485 million | * 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. | | | | | | |
| | | | | EUR | | | | |
| | | | | ISIN: | LU2092176515 | LU1793345429 | LU2497703533 | LU1793346823 |
| | | | | Bloomberg Ticker: | BLBGTCE LX | BLBGTAE LX | BLUBREA LX | BLBGTIE LX |
| | | | | GBP | | | | |
| | | | | ISIN: | LU2092176358 | LU1793345346 | LU2497703459 | LU1793346740 |
| | | | | Bloomberg Ticker: | BLBGTCC LX | BLBGTAG LX | BLUBRGA LX | BLBGTIG LX |

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