

BlueBox Funds- BlueBox Islamic Global Technology Fund SP

Direct Connection

Asset Management



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



Portfolio Manager

Rupert de Borchgrave, CFA



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
2023	14.2	-1.0											13.1	-0.6	11.0	-1.8
2022							4.7	-6.8	-13.8	2.4	13.1	-9.8	-12.1	-12.1	-11.5	-11.5

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 the original BlueBox Global Technology 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

Microsoft	6.6 %
Taiwan Semiconductor	5.3 %
Lam Research	5.3 %
Applied Materials	5.2 %
MercadoLibre	4.7 %
Tokyo Electron	4.6 %
Adobe	4.4 %
Alphabet	4.1 %
ASML Holding	3.9 %
Ansys	3.6 %
Total	47.7 %

Top Countries

United States	70.9 %
Japan	6.7 %
Netherlands	6.7 %
Taiwan	5.3 %
Argentina	4.7 %
Sweden	2.3 %
Ireland	1.0 %
Cash & equivalents	2.4 %

Market Capitalisation

Mega cap (>\$300bn)	18.9 %
Large cap – upper (\$200bn - \$300bn)	3.9 %
Large cap – mid (\$100bn - \$200bn)	13.7 %
Large cap – lower (\$10bn - \$100bn)	61.1 %
Mid cap (\$1bn - \$10bn)	0.0 %
Small cap (<\$1bn)	0.0 %
Cash & equivalents	2.4 %

Sector Allocation

Semiconductors & semi equipment	44.3 %
Software & services	28.6 %
Hardware & components	14.9 %
Consumer discretionary	5.7 %
Communication services	4.1 %
Cash & equivalents	2.4 %

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 Islamic Global Technology Fund ended the month down slightly, -1.0%, but still up 13.1% year to date.

The stocks that declined most in the month were Adobe (-13%) and Trimble (-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 Islamic 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

Asset Class	Islamic 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

Key Facts

Fund Base Currency	USD
Liquidity	Daily
Fund Type	Mutual Fund
Legal Status	SPC
Domicile	Cayman Islands
Auditor	PwC
Islamic Finance Consultant	Shariah Review Bureau W.L.L.
Custodian	Northern Trust Global Services SE
Launch Date	22 July 2022

Share Classes

	D Acc. Retail	B Acc. Institutional	I Acc. Institutional
Min. Initial Investment:	\$100,000.-	\$1,000,000.-	\$20,000,000.-
Annual Management Fee:	2.2 %	1.7 %	1.1 %
USD			
ISIN:	KYG1330J1426	KYG1330J1269	KYG1330J1186
Bloomberg Ticker:	BLBXFDK KY	BLBXFBP KY	BLBXFIP KY

PURIFICATION BLUEBOX ISLAMIC GLOBAL TECHNOLOGY FUND		
	Q3 2022	Q4 2022
Purification per unit of the Fund	0.0328	0.0349

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