

# 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, is actively managed 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

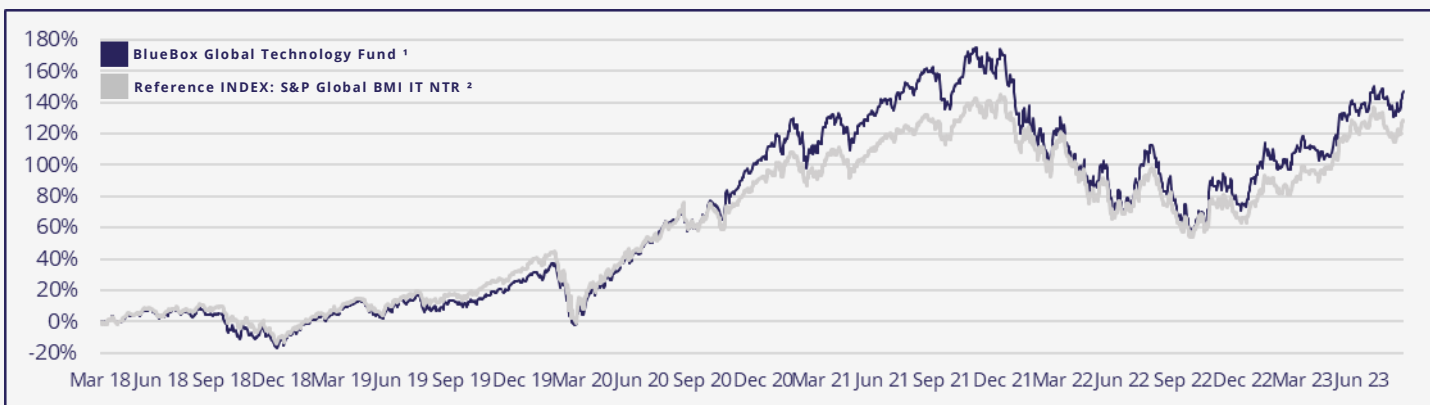


#### Portfolio Manager

Rupert de Borchgrave, CFA



### BlueBox Global Technology Fund Performance



Performance to 31.08.2023	1 month	3 months	YTD	3 yr Ann	5 yr Ann	ITD Ann
BlueBox Global Technology Fund	-1.3 %	7.0 %	40.4 %	13.4 %	17.9 %	18.0 %
S&P Global BMI IT NTR Index	-2.3 %	6.1 %	37.3 %	10.0 %	15.5 %	16.4 %

12M Rolling Performance to 31.08.2023	Aug 2023	Aug 2022	Aug 2021	Aug 2020	Aug 2019
BlueBox Global Technology Fund	30.3 %	-27.1 %	53.7 %	54.2 %	1.3 %
S&P Global BMI IT NTR Index	27.5 %	-22.1 %	34.0 %	49.8 %	3.1 %

<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	5.9 %
Lam Research	4.5 %
Taiwan Semiconductor	4.4 %
Applied Materials	4.4 %
MercadoLibre	4.3 %
Synopsys	4.1 %
Cadence Design	4.0 %
Adobe	4.0 %
ASML Holding	3.9 %
Intuit	3.7 %
<b>Total</b>	<b>43.2 %</b>

### Top Countries

United States	71.7 %
Netherlands	6.4 %
Japan	5.3 %
Taiwan	4.4 %
Argentina	4.3 %
South Korea	2.4 %
Switzerland	2.0 %
Spain	1.8 %
Cash & equivalents	1.7 %

### Market Capitalisation

Mega cap (>\$300bn)	18.3 %
Large cap – upper (\$200bn - \$300bn)	10.4 %
Large cap – mid (\$100bn - \$200bn)	14.9 %
Large cap – lower (\$10bn - \$100bn)	54.7 %
Mid cap (\$1bn - \$10bn)	0.0 %
Small cap (<\$1bn)	0.0 %
Cash & equivalents	1.7 %

### Sector Allocation

Semiconductors & semi equipment	39.1 %
Software & services	36.2 %
Hardware & components	14.2 %
Consumer discretionary	6.3 %
Communication services	2.5 %
Cash & equivalents	1.7 %

### William de Gale's Monthly Comment

After three very strong months, the Technology sector took a bit of a breather in early August, as investors worried about US recession risk and weak economic news from China. Results from NVIDIA on 23 August were expected to be key in deciding whether this year's AI-driven rally was sustainable. Those results, when they arrived, were outstanding and well ahead of all official estimates, but the market's immediate response was surprisingly muted, before a quiet rally into the end of the month, leaving the BlueBox Global Technology Fund down 1.3% in August, and up 40.4% for the year to date, against 37.3% for our global tech benchmark.

The fund's laggards were Fortinet (-23%), Airbnb (-14%) and Qualcomm (-13%); while the strongest performances were from Arista Networks (+26%), MercadoLibre (+11%) and EPAM (+9%). Airbnb and Arista were reversing the previous month, when they were respectively the fund's best and worst performers, and they were both comfortably up over the two months combined. Fortinet reported fairly weak results, as did its competitors Check Point and Palo Alto, which we believe was a result of temporary weakness from enterprise buyers cautious about a US slowdown, but this remains a relatively small position for us as we do have some concerns over competitive risks in this market. MercadoLibre's stock price see-sawed, rising sharply on an excellent set of results, then falling on the sudden announcement that the long-serving CFO had left, before recovering again when it became clear that he was to take up a co-CEO position elsewhere.

There was clearly a bit of "sell on the news" for the NVIDIA results, judged by the immediate market reaction, but not enough to create even a new short-term low before the sector resumed its recovery from last year's correction. The economic backdrop does currently look almost "Goldilocks", with weakness in China balancing resilient US employment, thus tempering inflation without needing interest rates high enough to push the US into a major recession. The slowdown could of course go too far, but for now sentiment remains good enough to draw incrementally more cash into equity markets. Recovery towards tech's multi-year 15% growth trend has combined with excitement over generative AI to bring global tech to within 8% of its December 2021 high.

We believe that this trend will continue, as innovation and disruption compel companies in other industries to spend heavily on technology, transferring the entire market's earnings growth to this single sector, as has been the case since around 2007. The prime beneficiaries of this extraordinary trend are a key group of companies that enable each disruptive innovation in turn, whether robotics, autonomous vehicles, blockchains, generative AI or whatever comes next. These 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	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	\$652 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:	BLBGTCC LX	BLBGTAA LX	BLUBRUA LX	BLBGTHI LX

#### EUR

ISIN:	LU2092176515	LU1793345429	LU2497703533	LU1793346823
Bloomberg Ticker:	BLBGTCE LX	BLBGTAE LX	BLUBREA LX	BLBGTHI LX

#### GBP

ISIN:	LU2092176358	LU1793345346	LU2497703459	LU1793346740
Bloomberg Ticker:	BLBGTCC LX	BLBGTAG LX	BLUBRGA LX	BLBGTIG LX

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