

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, 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 Islamic Technology Fund SP Performance¹

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Ann. Since Launch
2023	14.2	-1.0	8.8	-4.9	9.3	3.5	3.9	-1.9					34.9	16.6
2022							4.7	-6.8	-13.8	2.4	13.1	-9.8	-12.1	

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

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 a quarterly 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	6.0 %
Taiwan Semiconductor	4.6 %
Applied Materials	4.5 %
Lam Research	4.5 %
MercadoLibre	4.5 %
Synopsys	4.2 %
Cadence Design	4.1 %
Adobe	4.0 %
ASML Holding	3.9 %
Tokyo Electron	3.7 %
Total	44.0 %

Top Countries

United States	69.8 %
Netherlands	6.5 %
Japan	5.5 %
Taiwan	4.6 %
Argentina	4.5 %
South Korea	2.2 %
Switzerland	1.9 %
Spain	1.9 %
Cash & equivalents	3.1 %

Market Capitalisation

Mega cap (>\$300bn)	18.7 %
Large cap – upper (\$200bn - \$300bn)	10.5 %
Large cap – mid (\$100bn - \$200bn)	11.6 %
Large cap – lower (\$10bn - \$100bn)	56.1 %
Mid cap (\$1bn - \$10bn)	0.0 %
Small cap (<\$1bn)	0.0 %
Cash & equivalents	3.1 %

Sector Allocation

Semiconductors & semi equipment	40.3 %
Software & services	33.2 %
Hardware & components	14.2 %
Consumer discretionary	6.4 %
Communication services	2.8 %
Cash & equivalents	3.1 %

Top 10 Holdings, Top Countries, Market Capitalisation & Sector Allocation as of 31.08.2023

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 Islamic Global Technology Fund down 1.9% in August, and up 34.9% for the year to date.

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 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	
Asset Class	Islamic Equity	Fund Base Currency	USD
Number of Securities	30 - 40	Liquidity	Daily
Weight	10 % maximum	Fund Type	Mutual Fund
Turnover	Low	Legal Status	SPC
Market Cap	Mainly Targeting \$10 bn - \$100 bn	Domicile	Cayman Islands
Geographic Allocation	Global	Auditor	PwC
Cash	Minimal cash, always below 10 %	Islamic Finance Consultant	Shariah Review Bureau W.L.L.
Benchmark	Flexible, not benchmark oriented	Custodian	Northern Trust Global Services SE
		Launch Date	22 July 2022

Share Classes	D Acc.	B Acc.	I Acc.
	Retail	Institutional	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		
	Q1 2023	Q2 2023
Purification per unit of the Fund	0.0315	0.0319

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