

# BlueBox Funds- BlueBox Islamic Global Technology Fund SPC

Islamic  
Global  
Technology  
Fund

CITYWIRE SILVER

bluebox

## Direct Connection

### 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 SPC Performance<sup>1</sup>



%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Ann. Since Launch
<b>2024</b>	4.0	8.6	2.1	-5.7	3.9	7.9							21.9	
<b>2023</b>	14.2	-1.0	8.8	-4.9	9.3	3.5	3.9	-1.9	-5.8	-4.2	13.5	8.1	49.5	27.5
<b>2022</b>							4.7	-6.8	-13.8	2.4	13.1	-9.8	-12.1	

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

<sup>2</sup> 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 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	6.1%
Taiwan Semiconductor	4.9%
Arista Networks	4.8%
Lam Research	4.8%
Adobe	4.6%
Applied Materials	4.6%
Cadence Design	4.4%
Synopsys	4.1%
ASML Holding	4.1%
Nvidia	3.9%
<b>Total</b>	<b>46.4 %</b>

### Country Allocation

United States	72.5%
Netherlands	6.9%
Japan	5.7%
Taiwan	4.9%
South Korea	2.6%
Spain	2.3%
Switzerland	2.1%
United Kingdom	1.8%
Cash & equivalents	1.2 %

### Market Capitalisation

Mega cap (>\$400bn)	23.8%
Large cap – upper (\$200bn - \$400bn)	11.4%
Large cap – mid (\$100bn - \$200bn)	26.3%
Large cap – lower (\$10bn - \$100bn)	37.3%
Mid cap (\$1bn - \$10bn)	0.0%
Small cap (<\$1bn)	0.0%
Cash & equivalents	1.2 %

### Sector Allocation

Semiconductors & semi equipment	40.4 %
Software & services	33.6 %
Hardware & components	15.8 %
Consumer discretionary	6.3 %
Communication services	2.7 %
Cash & equivalents	1.2 %

## William de Gale's Monthly Comment

Technology sector indices continued to rise sharply in June, dragged higher once again by NVIDIA and Apple... at least until mid-month, when those two names appeared to flag a little, with some broadening out of performance. The BlueBox Islamic Global Technology Fund rose, but more slowly than tech indices up to mid-month, before a quick catch-up in the last two weeks, to end up 7.9% for June and up 21.9% year-to-date.

Amongst our peer group, a simple plot of fund performance year-to-date against weighted-average market cap for BlueBox and 18 other prominent active global technology funds (non-shariah-compliant, as there are very few other Islamic tech funds against which to compare ourselves) demonstrates an unusually high correlation, with more than half the dispersion of returns explained by this single factor ( $R^2=0.53$ ). From this perspective our performance has been surprisingly good, with the BlueBox tech funds still in the top half of the peer group, despite our marked bias against the very largest companies. Should the market broaden out more sustainably in the second half of the year, we should be very well positioned to benefit.

Early in the month we rebalanced our portfolio back to adjusted target weights as normal, but given the domination of recent tech performance by semiconductor-related stocks, and most specifically by NVIDIA, it was quite noticeable that the trims were almost all from chip names (including NVIDIA), in effect tilting the portfolio towards software. We took this a step further by buying a new software position, Palantir Technologies, and selling Marvell Technology, a chip vendor whose management appears to have lost interest in returning to GAAP profitability. This was partially balanced by the purchase of a small initial position in a new semiconductor name, ARM Holdings, which is the dominant vendor of microprocessor core designs for mobile and power-efficient devices, and is taking share in several adjacent markets.

This modest switch proved somewhat fortuitous, as it was followed by the mid-month change in market direction, with software companies Adobe (+25%) and Intuit (+14%) appearing as leading performers in the fund for the first time this year, as well ARM Holdings (+19%). The principal laggards in June were Amadeus IT (-6%) and Advanced Micro Devices (-3%), both of which we had trimmed.

Even as equity markets continue to rise, the US economy is giving out mixed signals regarding future strength: unsecured consumer credit default rates are rising, albeit not yet to historically high levels; there have been some significant disappointments amongst US retail stocks; and two versions of the US employment statistics have been painting diverging pictures for some months. The summer is often weak for tech stock performance, as there is generally a lack of direct news from the sector, and broad macro weakness is assumed to impact tech companies much more than is actually the case, creating the frequent pattern of a summer dip and then a strong autumn rebound as companies report "surprisingly okay" results in October/November. We are likely to learn more towards the end of July, as quarterly reporting season opens.

However, whatever the short-term gyrations of market sentiment, in the real world vast sums are still being spent across a wide spectrum of technology, as companies develop and deploy successive rounds of tech-driven disruption in every walk of life, enabled by the Direct Connection of systems to the real world. Technology enablers continue to be the main beneficiaries, stealing almost all the profit growth from the rest of the market, as they have done since 2007. 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

<b>Asset Class</b>	Islamic Equity
<b>Number of Securities</b>	30 - 40
<b>Weight</b>	10 % maximum
<b>Turnover</b>	Low
<b>Market Cap</b>	Mainly Targeting \$10 bn - \$200 bn
<b>Geographic Allocation</b>	Global
<b>Cash</b>	Minimal cash, always below 10 %
<b>Benchmark</b>	Flexible, not benchmark oriented

### Key Facts

<b>Fund Base Currency</b>	USD
<b>Liquidity</b>	Daily
<b>Fund Type</b>	Mutual Fund
<b>Legal Status</b>	SPC
<b>Domicile</b>	Cayman Islands
<b>Auditor</b>	PwC
<b>Islamic Finance Consultant</b>	Shariyah Review Bureau W.L.L.
<b>Custodian</b>	Northern Trust Global Services SE
<b>Launch Date</b>	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 %
<b>USD</b>			
ISIN:	KYG1330J1426	KYG1330J1269	KYG1330J1186
Bloomberg Ticker:	BLBXFDK KY	BLBXFBP KY	BLBXFIP KY

PURIFICATION BLUEBOX ISLAMIC GLOBAL TECHNOLOGY FUND

Q2 2024

Purification per unit of the Fund 0.1257

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