

# BlueBox Funds- BlueBox Global Technology Fund

## Direct Connection



**This is a marketing communication.** Please refer to the Prospectus and KID of the Fund for more information on general terms, risks, and fees. Investors should only invest in the Fund once they have reviewed the Prospectus and KID before making any final investment decisions.

### 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.

### BlueBox Global Technology Fund Performance



| Performance to 31.10.2024      | 1 month | 3 months | YTD   | 3 yr Ann | 5 yr Ann | ITD Ann |
|--------------------------------|---------|----------|-------|----------|----------|---------|
| BlueBox Global Technology Fund | -2.4%   | -1.4%    | 14.9% | 7.1%     | 22.4%    | 19.0%   |
| S&P Global BMI IT NTR Index    | -1.1%   | 2.1%     | 23.3% | 10.2%    | 20.6%    | 18.7%   |

| 12M Rolling Performance to 31 October | 2024  | 2023  | 2022   | 2021  | 2020  |
|---------------------------------------|-------|-------|--------|-------|-------|
| BlueBox Global Technology Fund        | 40.5% | 32.6% | -34.0% | 54.9% | 44.6% |
| S&P Global BMI IT NTR Index           | 46.8% | 25.7% | -27.5% | 45.5% | 31.2% |

<sup>1</sup> Performance based on Share Class S since launch 29.03.2018 (ISIN LU1793347128); <sup>2</sup> S&P Global BMI IT INDEX is Net Total Return, calculated since launch of BBGT on 29.03.2018

The fund performance is **not** measured against the benchmark. This is for information purposes only. Performance is of a USD share class, on net of fees basis, with gross income reinvested. Source: at 31/10/24. **Past performance does not predict future returns.** Performance related data will display only where relevant to the share class inception date. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

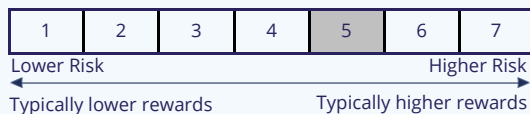
Equity Risk: The risk that investments depreciate because of stock market dynamics.

Market Risk: The Fund's assets may decrease because of sovereign acts and political transformation, which may also influence free trade of currency. In addition, risks may arise because of restricted information possibilities in addition to less stringent supervision and control of certain markets. The performance of these markets may be subject to significant volatility. The concentration of the Fund on a given country implies the risk that the events concerning the given country may significantly and negatively affect the value of the whole portfolio of the Fund\*.

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### Risk Indicator\*

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.



\* PRIIPs SRI

Medium-high risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact our capacity to pay you.

The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to cash in early. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

Be aware of currency risk. In some circumstances, you may receive payments in a different currency, so the final return you will get may depend on the exchange rate between the two currencies. This risk is not considered in the indicator. A complete description of risk factors is set out in the Prospectus in the section entitled 'Risk Factors Annex'.

### Top 10 Holdings

|                      |              |
|----------------------|--------------|
| Microsoft            | 5.4%         |
| Taiwan Semiconductor | 4.8%         |
| Cadence Design       | 4.2%         |
| Lam Research         | 4.1%         |
| Arista Networks      | 4.1%         |
| MercadoLibre         | 4.0%         |
| Applied Materials    | 4.0%         |
| Adobe                | 3.9%         |
| Intuit               | 3.7%         |
| Salesforce           | 3.6%         |
| <b>Total</b>         | <b>41.8%</b> |

### Country Allocation

|                    |       |
|--------------------|-------|
| United States      | 71.8% |
| Netherlands        | 5.9%  |
| Japan              | 4.8%  |
| Taiwan             | 4.8%  |
| Argentina          | 4.0%  |
| Spain              | 2.5%  |
| South Korea        | 2.0%  |
| Ireland            | 2.0%  |
| United Kingdom     | 1.6%  |
| Cash & equivalents | 0.6%  |

### Market Capitalisation

|                                       |       |
|---------------------------------------|-------|
| Mega cap (>\$400bn)                   | 18.6% |
| Large cap – upper (\$200bn - \$400bn) | 13.7% |
| Large cap – mid (\$100bn - \$200bn)   | 24.6% |
| Large cap – lower (\$10bn - \$100bn)  | 42.5% |
| Mid cap (\$1bn - \$10bn)              | 0.0%  |
| Small cap (<\$1bn)                    | 0.0%  |
| Cash & equivalents                    | 0.6%  |

### Sector Allocation

|                                 |       |
|---------------------------------|-------|
| Semiconductors & semi equipment | 38.1% |
| Software & services             | 34.4% |
| Hardware & components           | 13.9% |
| Consumer discretionary          | 10.4% |
| Communication services          | 2.6%  |
| Cash & equivalents              | 0.6%  |

### Investment Team

Lead Portfolio Manager

William de Gale,  
FCA, CFA



Portfolio Manager

Rupert de Borchgrave,  
CFA



Morningstar Overall Rating™

Among 1,160 Technology Equity funds. The Fund's risk adjusted returns based on Class S USD Accumulating had 4 stars for 3 years and 5 stars for 5 years of 1,160 and 732 Technology Equity Funds, respectively, for the period ended 30/09/2024.



Morningstar Sustainability Rating™

The BlueBox Global Technology Fund is rated out of 1,289 Technology Equity funds as of 30/09/2024.

Based on 100% of eligible corporate AUM. Data is based on long positions only.

### 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 in reference to any benchmark.

### Assets Under Management

|           |             |
|-----------|-------------|
| Firm:     | USD 1,576 m |
| Strategy: | USD 1,556 m |
| Fund:     | USD 1,543 m |

### Key Facts

|                    |                |
|--------------------|----------------|
| Fund Base Currency | USD            |
| Liquidity          | Daily          |
| Fund Type          | UCITS          |
| Legal Status       | SICAV          |
| SFDR               | Article 8      |
| Domicile           | Luxembourg     |
| Auditor            | PwC            |
| Custodian          | Northern Trust |
| Launch Date*       | 29 March 2018  |

### Portfolio Construction

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



\* 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.

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### William de Gale's Monthly Comment

September quarter results have been fairly mixed, but started with a shock: when ASML accidentally released its earnings report a day early, it revealed that bookings had missed by half, causing a sharp correction for much of tech, especially other semiconductor equipment names. This looks mistaken, as ASML is in no way a useful leading indicator for current IT demand: with lead times of years, not months, its very lumpy orders currently reflect expected chip demand in the late 2020s, not late 2024! With both Taiwan Semiconductor and Lam Research subsequently reporting perfectly good results, we took the opportunity to return our total semiconductor weight almost to its maximum, buying a new position in KLA Corporation and adding to six of our semi-related names, which had underperformed by an average of 12% since we trimmed semiconductors in early August.

The BlueBox Global Technology Fund was down 2.4% in October, lagging our benchmark, down 1.1%. The fund ended the month up 14.9% year-to-date, very respectable in absolute terms, but significantly behind the index, up 23.3%. The main negative contributors in October were, unsurprisingly, semiconductor-related: ASML (-19%), Monolithic Power Systems (-18%), ASM International (-15%) and Tokyo Electron (-13%). The winners were Palantir Technologies (+12%), Booking (+11%), Taiwan Semiconductor Manufacturing (+10%) and NVIDIA (+9%).

NVIDIA continues to be a major problem for active technology strategies: the stock has risen 168% this year, while averaging nearly 13% of global tech benchmarks, meaning that it has accounted for the majority of the upside of the entire IT sector. The only large-cap tech stock globally that has outperformed NVIDIA this year has been MicroStrategy (a vast bitcoin fund with a small software company on the side). This may now present a major market risk, especially for passive tech investors, as NVIDIA is quite clearly over-earning currently, and a significant reversal could cause short-term panic.

NVIDIA is a great long-term story about using parallel processing to get through lots of data very fast, and genAI is all about processing mountains of data; but NVIDIA is currently dominant because not only

does it have some of the best parallel processors, but it also controls the CUDA platform upon which most AI systems are being created. Everyone therefore needs NVIDIA chips, but NVIDIA is supply-constrained at TSMC, its foundry supplier, giving it massive pricing power. Almost all the genAI projects, amounting to tens of billions of dollars, therefore have to pay an "NVIDIA Tax" to access the scarce chips they need.

This is not sustainable. Everyone in the IT industry (except NVIDIA) is trying to work out how to find a good substitute for its chips in leading AI systems, and eventually someone will succeed. NVIDIA will then be faced with a competitive market, potentially leading to a sharp erosion of its pricing power. Maybe that won't be until 2026, but possibly it's already happened and we just don't yet know it. Whenever that moment comes, a stock that is now 16% of global tech benchmarks could face a dramatic rush for the exit. This would drag much of tech down too ... but probably only briefly, as what is bad for NVIDIA is likely to be good for AI spending: the end of the NVIDIA Tax, making investment cheaper and extending the AI boom. We would therefore be inclined to see such an event as a buying opportunity, allowing us to add to our most AI-exposed names ahead of what could be a very sharp recovery.

However, this is only tinkering around the edges: whatever the short-term outlook, we see no evidence that the overall trend of 15% growth for the Technology sector as a whole is at risk. Paying too much attention to the short-term gyrations of the market is a mistake, as 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. 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 investors exposure to the strongest technology trends, without the absurd valuations and poor business models of many of the high-profile, but profitless, disruptors.

### Important Information

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Information about the risk involved in the fund, including Risk Category, Equity Risk, and Market Risk can be found within the Prospectus of BlueBox Funds, in the 'Risk Factors Annex'. The base currency of the fund is USD, therefore returns on non-USD share classes will be affected by exchange rate movement. Fees and charges will reduce the return on your investment and will be affected by exchange rate fluctuations for USD against EUR, GBP and CHF. The Prospectus and the appropriate KID / KIID for the share class should be consulted to obtain further details on risk, fees, and general terms before making any final investment decisions, which should take into account all the characteristics or objectives of the Fund as described. The Prospectus and KIDs / KIIDs, as well as the latest annual and semi-annual reports, can be found at [www.blueboxfunds.com](http://www.blueboxfunds.com), or obtained free of charge from Carne Global Financial Services, Luxembourg S.à r.l. 3 Rue Jean Piret, 2350 Gasperich, Luxembourg, and from all distributors.

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The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. BlueBox Global Technology Fund was rated against the following numbers of Technology Equity funds over the following time periods: 1,007 funds in the last three years, 613 funds in the last five years. Past performance is no guarantee of future results.

The Morningstar® Sustainability Rating™ is intended to measure how well the issuing companies or countries of the securities within a fund's portfolio are managing their financially material environmental, social and governance, or ESG, risks relative to the fund's Morningstar Global Category peers. Morningstar assigns Sustainability Ratings by combining a portfolio's Corporate Sustainability Rating and Sovereign Sustainability Rating proportional to the relative weight of the (long only) corporate and sovereign positions.

### Fund Characteristics

|                             |            |
|-----------------------------|------------|
| Number of holdings          | 34         |
| Weighted average market cap | USD 531 bn |

### Share Classes

|                          | C Acc. | Retail        |
|--------------------------|--------|---------------|
| Min. Initial Investment: |        | \$1,000.-     |
| Annual Management Fee:   |        | 2.20 %        |
| Total Ongoing Charges:   |        | 2.59 %        |
| Launch Date:             |        | 27 Nov 2020   |
|                          |        | <b>ISIN</b>   |
| <b>USD</b>               |        | LU2092176275  |
| <b>EUR</b>               |        | LU2092176515  |
| <b>GBP</b>               |        | LU2092176358  |
| <b>CHF</b>               |        | LU2092176606  |
|                          | A Acc. | Retail        |
| Min. Initial Investment: |        | \$10,000.-    |
| Annual Management Fee:   |        | 1.50 %        |
| Total Ongoing Charges:   |        | 1.89 %        |
| Launch Date:             |        | 10 Feb 2020   |
|                          |        | <b>ISIN</b>   |
| <b>USD</b>               |        | LU1793345262  |
| <b>EUR</b>               |        | LU1793345429  |
| <b>GBP</b>               |        | LU1793345346  |
| <b>CHF</b>               |        | LU1793345692  |
|                          | R Acc. | Retail        |
| Min. Initial Investment: |        | \$150,000.-   |
| Annual Management Fee:   |        | 1.00 %        |
| Total Ongoing Charges:   |        | 1.39 %        |
| Launch Date:             |        | 20 Sept 2022  |
|                          |        | <b>ISIN</b>   |
| <b>USD</b>               |        | LU2497703376  |
| <b>EUR</b>               |        | LU2497703533  |
| <b>GBP</b>               |        | LU2497703459  |
| <b>CHF</b>               |        | LU2497703616  |
|                          | I Acc. | Institutional |
| Min. Initial Investment: |        | \$150,000.-   |
| Annual Management Fee:   |        | 1.00 %        |
| Total Ongoing Charges:   |        | 1.35 %        |
| Launch Date:             |        | 5 Oct 2020    |
|                          |        | <b>ISIN</b>   |
| <b>USD</b>               |        | LU1793346666  |
| <b>EUR</b>               |        | LU1793346823  |
| <b>GBP</b>               |        | LU1793346740  |
| <b>CHF</b>               |        | LU1793347045  |

Registration Countries:  
**LU, CH, UK, DE, AT, ES, FR, BE, IT, PT**

The charges are the fees the Fund charges to investors to cover the costs of running the Fund. Additional costs, including transaction fees, will also be incurred. These costs are paid out by the Fund, which will impact on the overall return of the Fund. Fund charges will be incurred in multiple currencies, meaning that payments may increase or decrease as a result of currency exchange fluctuations.

The Ongoing Charges Figure (OCF) is an amount representing all operating charges and expenses of the Fund in the prior 12 months as a percentage of the Fund's average net assets for the period. Where that figure would not be a fair representation of future costs or if 12 months data is not available, an estimated figure will be shown.