

BlueBox Funds- BlueBox Global Technology Fund

Direct Connection



Fund Objective

The Fund's main 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 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.

Portfolio Managers

Lead Portfolio Manager
William de Gale, FCA, CFA

Co-Portfolio Manager
Rupert de Borchgrave, CFA




BlueBox Global Technology Fund Performance*



%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
2020	1.15												1.15	26.68
2019	10.44	5.12	2.95	7.55	-9.42	8.44	1.62	-3.82	2.47	2.29	5.34	4.03	41.74	25.23
2018				-0.10	4.55	-0.89	1.32	2.70	-2.49	-10.90	1.93	-7.36	-11.65	-11.65

* Performance based on Share Class S since launch on 29 March 2018

Top 10 Holdings	Top Countries	Market Capitalisation	Sector Allocation
Microsoft Corp 7.2%	United States 68.3%	Mega cap (>\$250bn) 20.1%	
Adobe Inc 5.5%	Japan 4.9%	Large cap – upper (\$100bn - \$250bn) 17.5%	
Taiwan Semiconductor 4.9%	Taiwan 4.9%	Large cap – lower (\$10bn - \$100bn) 58.7%	
Activision Blizzard 4.8%	Argentina 4.5%	Mid cap (\$1bn - \$10bn) 2.4%	
Mercadolibre 4.5%	Netherlands 4.3%	Small cap (<\$1bn) 0.0%	
ASML Holding 4.3%	Sweden 3.2%	Cash & equivalents 1.2%	
Texas Instruments 3.5%	Switzerland 3.1%		
Tyler Technologies 3.5%	China 3.1%		
Ansys 3.5%	South Korea 2.6%		
LAM Research Corp 3.4%	Cash 1.2%		
Total 45.0%			

Top 10 Holdings, Top Countries, Sector Allocation & Market Capitalisation as of 31.12.2019

William de Gale's Monthly Comment

2020 started strongly, with technology stocks continuing 2019's long rally and reaching new highs as reporting season got going. In general, most company results so far have been quite good, but this has been overshadowed by increasing alarm over the spread of the new coronavirus in China, so the final week of January saw considerable volatility, with stocks giving back most of the month's gains. The fund ended January up 1.2%.

There was a clear division in performance by segment. Positive contributions were led by software, service and e-commerce stocks: ServiceNow (+20%), MercadoLibre (+16%), Verisk Analytics (+9%), Amazon.com (+9%), Microsoft (+8%), Tyler Technologies (8%) and EPAM (+8%). The biggest negatives were all semiconductor names: Silicon Laboratories (-15%), Xilinx (-14%), VAT Group (-8%) and Analog Devices (-8%).

Company results for last quarter that have been released so far suggest that the technology industry ended 2019 fairly strongly, albeit with some delays in 5G wireless deployment reported by companies such as Xilinx. This strength was probably already reflected in valuations, given such a vigorous market recovery last year, but the industry appears to have come to terms with the US/China trade dispute and started to move forward again. The risk now is that a prolonged lock-down in China to slow the spread of the virus not only hits Chinese economic growth, but also begins to starve the global technology supply chain of the products and components manufactured there. Businesses will have built up inventories ahead of the Chinese New Year holiday, and alternative sources of supply exist for most items, but after a few weeks an extended manufacturing hiatus would begin to have a serious impact on production across the board. However, when the draconian restrictions currently in force in many Chinese cities are relaxed (either because new infections have levelled off or once the government concludes that the restrictions are ineffective and not worth the economic cost) production is likely to recover rapidly and we may experience a sharp market bounce. We are therefore not inclined to become more defensive at this point – the underlying condition of the technology sector is healthy, and this may turn out to have been the point of maximum pessimism over the epidemic.

The Information Technology sector remains the principal beneficiary of the greatest technological change of our times, the Direct Connection of computers to the real world. Replacing human beings as input and output devices enables countless new applications for technology, greatly accelerating technology 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. We therefore continue to maintain a "neutral" stance towards the sector, and we are inclined to see a period of significant weakness as a buying opportunity.

Portfolio Construction

Asset Class: Equity

Number of Securities: ~30-40

Weight: 10% maximum

Turnover: Low

Market cap: Mainly targeting companies between \$10b - \$250b

Geographic Allocation: Global

Cash: Minimal cash, generally below 10%

Benchmark: Flexible, not benchmark oriented

Key Facts

Share Class:	S Acc. (USD)	F-1 Acc. (USD)	F-2 Acc. (USD)	A Acc. (USD)
ISIN:	LU1793347128	LU1793345775	LU1793346237	LU1793345262
Minimal Initial Investment:	\$10'000.-	\$1'000'000.-	\$10'000.-	\$10'000.-
Annual Management Fee:	1.0% AuM < \$100m 0.50% AuM > \$100 m. 0.00% AuM > \$150 m.	1.0% AuM < \$150m. 0.75% AuM > \$150m. 0.50% AuM > \$200m.	1.50% AuM < \$150m 1.25% AuM > \$150m 1.00% AuM > \$200m.	1.50%
Bloomberg Ticker:	BLBGTSU LX	BLBGTFF1 LX	BLBGTFF2 LX	
Launch Date:	March 29th 2018	October 17th 2019	March 25th 2019	
Fund Base Currency:	USD			
Liquidity:	Daily			
Fund Type:	RAIF			
Legal Status:	SICAV			
Domicile:	Luxembourg			
Auditor:	PWC			
Custodian:	RBC			

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