

# BlueBox Funds- BlueBox Global Technology Fund

## Direct Connection



Global  
Technology  
Fund

**bluebox**

### 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

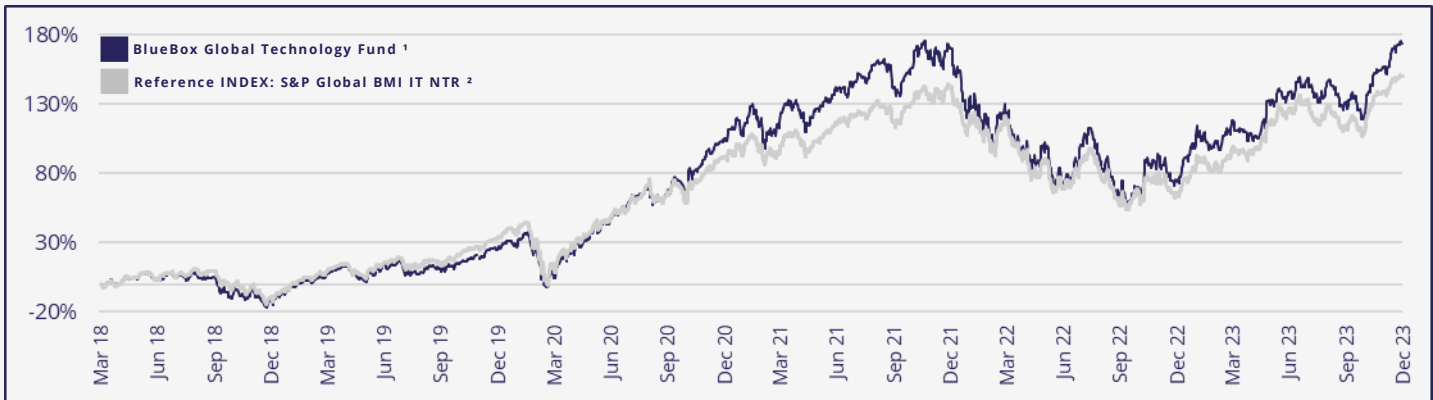


#### Portfolio Manager

Rupert de Borchgrave, CFA



### BlueBox Global Technology Fund Performance



Performance to 31.12.2023	1 month	3 months	YTD	3 yr Ann	5 yr Ann	ITD Ann
BlueBox Global Technology Fund	6.9 %	18.4 %	56.8 %	10.1 %	25.4 %	19.1 %
S&P Global BMI IT NTR Index	4.8 %	17.4 %	50.9 %	9.2 %	22.5 %	17.3 %

12M Rolling Performance to 31.12.2023	Dec 2023	Dec 2022	Dec 2021	Dec 2020	Dec 2019
BlueBox Global Technology Fund	56.8 %	-35.2 %	31.6 %	63.8 %	41.7 %
S&P Global BMI IT NTR Index	50.9 %	-31.3 %	25.8 %	44.9 %	46.0 %

<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	6.2 %
Taiwan Semiconductor	4.6 %
Lam Research	4.2 %
Applied Materials	4.2 %
MercadoLibre	4.1 %
ASML Holding	4.1 %
Cadence Design	4.1 %
Nvidia	4.0 %
Synopsys	4.0 %
Adobe	3.7 %
<b>Total</b>	<b>43.2 %</b>

### Top Countries

United States	71.1 %
Netherlands	6.6 %
Japan	5.8 %
Taiwan	4.6 %
Argentina	4.1 %
South Korea	2.5 %
Switzerland	2.1 %
Spain	2.0 %
Cash & equivalents	1.2 %

### Market Capitalisation

Mega cap (>\$300bn)	19.9 %
Large cap – upper (\$200bn - \$300bn)	13.4 %
Large cap – mid (\$100bn - \$200bn)	11.8 %
Large cap – lower (\$10bn - \$100bn)	53.7 %
Mid cap (\$1bn - \$10bn)	0.0 %
Small cap (<\$1bn)	0.0 %
Cash & equivalents	1.2 %

### Sector Allocation

Semiconductors & semi equipment	39.4 %
Software & services	34.4 %
Hardware & components	14.3 %
Consumer discretionary	8.1 %
Communication services	2.6 %
Cash & equivalents	1.2 %

## William de Gale's Monthly Comment

December continued November's sharp rally, taking the Technology sector and the BlueBox Global Technology Fund to new all-time highs, narrowly surpassing their peaks of late 2021. The Fund was up 6.9% in December, led by Ansys (+24%), Advanced Micro Devices (+22%) and EPAM Systems (+15%); while Synopsys (-5%) and MercadoLibre (-2%) declined. Synopsys was rumoured to be acquiring Ansys, hence the relative moves of those two holdings, and we trimmed some of the upside from the latter, while adding a little to the former.

Looking at 2023 as a whole, the Fund was up 56.8%, comfortably ahead of the benchmark, up 50.9%. The strongest performances came from NVIDIA (+239%), Advanced Micro Devices (+128%), ASM International (+108%) and Salesforce (+98%); with EPAM (-9%) the only major laggard. This outperformance was despite our normal mega-cap underweight (the "Magnificent 7" mega-caps dominated the market this year), and an underweight position in NVIDIA (the most obvious winner of this year's hot theme, Generative AI). This once again demonstrates that the investment industry's slavish obsession with benchmark-relative weights is a red herring: in order to outperform, a fund doesn't have to own any particular stock at any particular weight – it's much more important to invest in a collection of good businesses that one is confident will grow their GAAP earnings in the high teens or better for a very long time to come. The annualised 5-year growth rate of our current holdings' net income is 18.7%, almost identical to the Fund's 19.1% annual performance since inception: enough to beat tech benchmarks by a comfortable margin and establish a position at the top of tech fund performance tables, despite the extreme volatility of markets over recent years.

The huge recovery of 2023 must be viewed in the light of a 30%+ tech sector correction in 2022: it just takes the industry back to the middle of its long-term, mid-teens growth trend, a trend that has been in place since 2009, driven by mid-teens annual growth of tech industry profits over the same period. That is not a bubble: IT sector performance over the past 15 years has been almost perfectly supported by profit growth. There was an equity bubble in early 2021, but it was not the Technology companies – the vendors of technology, the enablers. The bubble was in all those exciting, disruptive businesses with huge revenue growth but no realistic chance of ever actually making a profit – the consumers of technology, the disrupters. That bubble has largely deflated over the past 3 years, but 2023's Generative AI excitement creates the opportunity for investors once again to make a largely futile attempt to pick winners amongst the disrupters ... but there will be almost no winners from the companies deploying GenAI: almost none of those businesses will ever make a profit from that deployment, however successful their disruption, as their exciting revenue growth will be outweighed by the massive IT spend required to compete in GenAI. The winners are, once again, the technology enablers, the recipients of all that IT spend.

Whatever the hot story of disruption in 2024 turns out to be, it will rely on technology. Whatever technology it depends upon, that tech will be running on semiconductors. Whatever semiconductors that tech runs on, they will have been built using equipment supplied by Lam Research, Applied Materials, Tokyo Electron and ASML. The nearer your investment is to the end of the preceding three sentences, the more certainty you have that it will benefit from next year's tech theme. Our fund therefore tends to avoid the exciting disrupters, and is focused instead on enabling technology companies, with a substantial weight in key semiconductor and semi capital equipment stocks. 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

<b>Asset Class</b>	Equity	<b>Fund Base Currency</b>	USD
<b>Number of Securities</b>	30-40	<b>Liquidity</b>	Daily
<b>Weight</b>	10 % maximum	<b>Fund Type</b>	UCITS
<b>Turnover</b>	Low	<b>Legal Status</b>	SICAV
<b>Market Cap</b>	Mainly Targeting \$10 bn - \$100 bn	<b>Domicile</b>	Luxembourg
<b>Geographic Allocation</b>	Global	<b>Auditor</b>	PwC
<b>Cash</b>	Minimal cash, always below 10 %	<b>Custodian</b>	Northern Trust Global Services SE
<b>Benchmark</b>	Flexible, not benchmark oriented	<b>Launch Date*</b>	29 March 2018
<b>AuM</b>	\$769 million	* 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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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 Fuchs Asset Management S.A. 49, boulevard Prince Henri, Luxembourg, and from all distributors.

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The Prospectus for Switzerland, the Key Investor Information Documents, the Articles, the annual and semi-annual reports as well as further information are available free of charge from the Swiss Representative of the Fund: Carnegie Fund Services S.A., 11, rue du Général Dufour, CH-1204 Geneva, Switzerland, phone: +41 22 705 11 78, Internet: [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The Swiss Paying Agent of the Fund is Banque Cantonale de Genève, 17, quai de l'île, CH-1204 Geneva, Switzerland.

### 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
<b>USD</b>				
ISIN:	LU2092176275	LU1793345262	LU2497703376	LU1793346666
Bloomberg Ticker:	BLBGTCC LX	BLBGTA LX	BLUBRUA LX	BLBGTH LX
<b>EUR</b>				
ISIN:	LU2092176515	LU1793345429	LU2497703533	LU1793346823
Bloomberg Ticker:	BLBGTCE LX	BLBGTAE LX	BLUBREA LX	BLBGTIE LX
<b>GBP</b>				
ISIN:	LU2092176358	LU1793345346	LU2497703459	LU1793346740
Bloomberg Ticker:	BLBGTCL LX	BLBGTAG LX	BLUBRGA LX	BLBGTIG LX