

## FUND FACTS

Fund	WS Blue Whale Growth Fund
Fund Launch Date	11 September 2017
Lead Fund Manager	Stephen Yiu
Fund Size	£1.1bn
IA Sector	Global
Fund Type	UK OEIC
Base Currency	GBP
Dividend Dates	End of February, August
ACD	Waystone Management (WS)
Depository	Northern Trust Investor Services
Dealing	Daily at Noon
Initial Charge	0.0%
Performance Fee	0.0%

## PORTFOLIO FACTS

No. of holdings	28
Avg. market cap	>£100bn

### Top 10 Holdings %

Applied Materials	Mastercard	57.8
Broadcom	Microsoft	
Canadian Natural Resources	Moncler	
Charles Schwab	Nvidia	
Lam Research	Visa	

### Geographical Breakdown %

North America	75.4
Europe	21.0
Asia Pacific	2.7
Cash*	0.9

### Sector Breakdown %

Technology	41.2
Financials	15.8
Consumer Discretionary	13.9
Communication Services	8.6
Healthcare	7.5
Consumer Staples	4.3
Industrials	4.2
Energy & Materials	3.7
Cash*	0.9

\*May include highly liquid instruments invested in US or UK Treasuries with a maturity of one year or less.

\*\*Blue Whale may apply its internal classification for Geographical and Sector breakdown.

## SHARE CLASS DETAILS

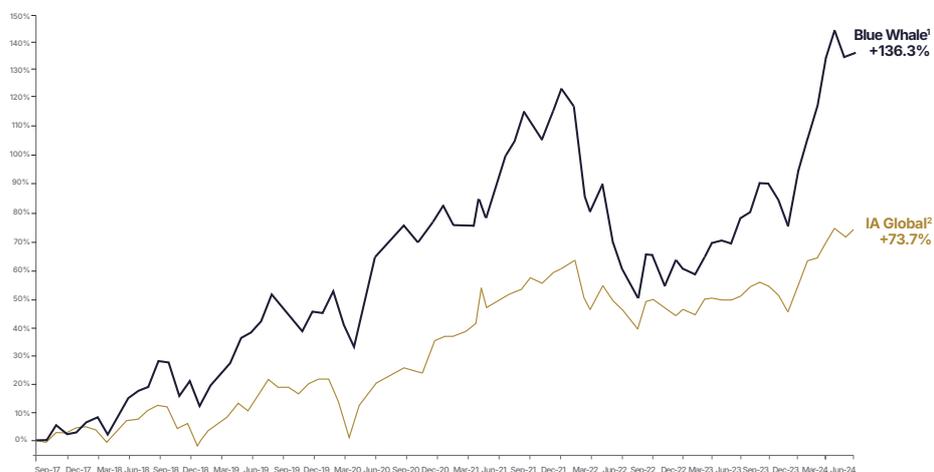
Share Class	OCF	Minimum	ISIN
I Acc (GBP)	0.84%	£10m	GB00BD6PG563
I Inc (GBP)	0.84%	£10m	GB00BD6PG670
R Acc (GBP)	1.09%	£1,000	GB00BD6PG787
R Inc (GBP)	1.09%	£1,000	GB00BD6PG894
R Acc (EUR)	1.59%	€1,000	GB00BYVQ1C38

## AWARDS AND RATINGS



## PERFORMANCE

**"Committed to delivering consistent significant outperformance"**



	To Date 2024	2023	2022	2021	2020	2019	2018	Since Launch	Annualised
Blue Whale <sup>1</sup>	+14.7%	+30.7%	-27.6%	+20.8%	+26.4%	+27.6%	+8.6%	+136.3%	+13.6%
IA Global <sup>2</sup>	+6.5%	+12.7%	-11.1%	+18.0%	+14.8%	+22.1%	-5.6%	+73.7%	+8.6%
<b>Outperformance</b>	<b>+8.2%</b>	<b>+18.0%</b>	<b>-16.5%</b>	<b>+2.8%</b>	<b>+11.6%</b>	<b>+5.5%</b>	<b>+14.2%</b>	<b>+62.5%</b>	<b>+5.1%</b>

**Past performance is not a guide to future performance.**

<sup>1</sup>I class Acc shares, net of fees priced at midday UK time, source: Bloomberg.

<sup>2</sup>IA Global Sector average, source: FE Fundinfo. Chart data plotted at monthly intervals; data as at the last day of the calendar month.

## WHAT WE DO

- Aim to buy and hold high quality businesses at an attractive price.
- In-house research underpinning a high-conviction portfolio of 25-35 stocks.
- Significant resources dedicated to internal financial modelling and proprietary valuation metrics.
- Focus on a genuinely active, valuation-driven approach.

### Investment Objective

The Investment Objective of the Fund is to achieve capital growth over any five year period, after all costs and charges have been taken.

### Investment Strategy

In selecting investments for the portfolio, the Investment Manager will identify companies which, based on its analysis, meet the following criteria:

- have the ability to grow and improve profitability over the long term;
- have a current valuation that is attractive relative to their future growth and profitability.

The Investment Manager will select companies from a broad range of geographies and sectors with no particular sector or style bias.

### Risk Management

- UK UCITS-compliant.
- Assessment of company specific risk factors, including those related to ESG, that might materially impact the business's sustainable return on investment. Blue Whale is a signatory to UN Principles for Responsible Investment (UNPRI).

## BLUE WHALE COMMITMENT

- **Peter Hargreaves (Chairman)** – in excess of £150m across the Blue Whale Growth strategy
- **Stephen Yiu (CEO & CIO)** – only invests in WS Blue Whale Growth Fund (holds no other fund)
- **Blue Whale Capital** – follow our **£120,000 phased investment into the WS Blue Whale Growth Fund**



## TRANSCENDENT COMPANIES

by Stephen Yiu, published 29th February



My first passion is investing, but away from work, I truly enjoy going out for dinner – whether it's burger bars or Michelin stars, sharing meals with friends and family is my favourite thing to do outside of the office. Living in London I am spoilt for choice, so choosing the right restaurant is of utmost importance. To help me choose,

I like to understand the ethos of the restaurant. Things such as having a chef patron (chef and owner), using quality produce, and buying their food locally, tend to be strong indicators that I will enjoy my meal. In my opinion, a restaurant's philosophy when it comes to food is a better indicator of your future meal than any review or past visit can determine - no matter how good or bad a restaurant once was, it is always the meal that lies ahead of you that you will be eating. I think the same is true for investment.

It is safe to say that with more than six years under our belt and having delivered in excess of 130% (I class Acc as at 29/02/24) since the inception of the WS Blue Whale Growth Fund, our long-term performance has been good. However, it must be pointed out that past performance is something a new investor cannot benefit from. It is also no guarantee of how we will perform in the future. Therefore, it is important that new investors in the Fund, or people who wish to put more money into the Fund, understand our investment philosophy and how we intend to drive performance in the future. Like going to a restaurant, it is only the food in front of you that you will see the benefit of – any previous meal, and past performance, is unobtainable.

Our investment philosophy is to buy high-quality businesses at attractive valuations. But what does this mean? The concept of a "quality" business is hard to explain. Most investors want to buy into high-quality businesses, but the metrics to determine those businesses vary drastically. Looking at commonly used valuation metrics in isolation can often lead to a false conclusion, so we think it best to get a deep understanding of a business to derive its "quality". To distil "quality" into a single sentence I would say – "a quality business is one that can transcend the macro-economic environment to deliver share price growth based on its strong fundamentals."

### Finding transcendent businesses

Finding these businesses is relatively simple in theory. Once we have established a company has strong fundamentals through our proprietary research, we look to see if that business can leverage a global trend. Often described as mega-trends, they tend to use technology to drive a fundamental change in the global economy. Examples in the past have been the industrial revolution and the rise of the internet. Digitalisation continues to be a global mega-trend, and many think the next mega-trend is automation and artificial intelligence.

To drive outsized returns regardless of the economic environment and to find these "transcendent companies",

we look for those businesses that can leverage these mega-trends and invest in them at an early-enough stage so that we are benefitting from their upside potential.

Here, Nvidia is a great example. We initiated our position in Nvidia in 2021 having established the business as having strong fundamentals and noticing that it was a key beneficiary of the "AI revolution" due to its production of the world's best high-powered processing chips. In early 2022, as valuations were reset on high interest rate expectations, the stock fell back considerably. As the share price fell, we continued to invest more into the business as its valuation became even more attractive. But whilst macro-economic indicators continued to deteriorate in the second half of 2022 (interest rates continued to rise predicting a tougher environment for equities), Nvidia bounced back strongly. Since we initiated our position, when the company stood at around \$500 billion, the company's market capitalisation has gone up more than 4x to make it the world's third largest business and worth around \$2 trillion (as at 29/02/24).

Thanks to its strong fundamentals and its importance in providing key hi-tech components for artificial intelligence, Nvidia was able to transcend the macro-economic indicators that could have weighed on its share price. Even when considering the initial fall in 2022, the share price was able to triple from its 2021 peak whilst economic indicators worsened.

### Opportunity from uncertainty

Whilst we do not base our investments on the state of the global economy, we do consider the macro environment to make sure that any potential risk factors are considered when investing in a particular company. In some cases, we can not only determine what the macro environment would preclude us from investing in, but we can derive opportunity from uncertainty as well.

A good example here is looking at the geo-political uncertainty in the Asia-Pacific region. For some time now the West has been wary of China, particularly with regards to its perceived ambitions in the South China Sea. Presently the World relies on a single company in Taiwan to produce the global supply of high-end semiconductors. The West has noticed the potential for this to have huge repercussions should tensions escalate between China and the West. As the West looks to diversify production of this key electronic component away from Taiwan (with \$300-\$400 billion committed investment), we believe there are a handful of clear winners in companies such as Lam Research and Applied Materials who make the equipment new foundries will require to develop these components. Both companies feature in the portfolio.

With the global economy at an uncertain juncture, and geo-political tensions on a knife edge, it is our job as an investment manager to filter out the noise and find those pockets of opportunity in those businesses that can transcend the bad news. We feel confident our portfolio of high-quality businesses, benefitting from global trends and strong fundamentals, should deliver outperformance for our investors going forward.





## TRANSCENDENT COMPANIES

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And if you are looking for an investment as we approach the end of the tax year, I would like to remind you that I am Chef Patron at Blue Whale, my investment team and I only use the highest-quality ingredients (although I must admit to not sourcing locally, preferring the best produce from around the world), and best of all, I only eat my own cooking!

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**If you are unsure of the suitability of the Fund to your needs or if you feel that you do not fully understand the risks of investing in it, you should contact a reputable professional financial adviser.**

The document does not constitute an offer by Blue Whale to enter into any contract/agreement. The contents are aimed at all categories of client including Eligible counterparties, Professional clients and Retail clients. As the Fund is a concentrated equity fund with international exposure, Blue Whale's preference is that less experienced Retail clients gain exposure to it through the professional advice channel (Blue Whale does not advise retail investors itself) or the discretionary management channel. The Fund (as a UCITS and hence non-complex) is available to retail investors on an execution-only basis. Blue Whale believes that whilst better suited to a more experienced audience, the Fund represents a suitable investment for those new to equity investing. You must be aware that unlike holding cash in a bank account, your capital is at risk of market movement and you should not assume that your investment will be profitable. Equity investment should be seen as a long term investment normally of at least 5 years. The value of your investment can fall as well as rise so you could get back less than you invested, especially in the shorter term.

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There are significant risks associated with investment in the Fund referred to in the document. Investment in the Fund is intended for investors who understand and can accept the risks associated with such an investment including potentially a substantial or complete loss of their investment. Past performance is not a guide to future performance.

The value of investments and any income derived from them can go down as well as up and the value of your investment may be volatile and be subject to sudden and substantial falls.

Investment in a Fund with exposure to emerging markets involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investment may be made, including expropriation, nationalisation or other confiscation could result in loss to the Fund.

Income from investments may fluctuate. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Fund charges may be applied in whole or part to capital, which may result in capital erosion. The Authorised Corporate Director may apply a dilution adjustment as detailed in the Prospectus. The Fund is not traded on an exchange or recognised market.

The foregoing list of risk factors is not complete and reference should be made to the Fund's Prospectus, KIID and application form.

<https://bluewhale.co.uk/documents>

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## PLATFORM AVAILABILITY

