

FUND FACTS

Fund	WS Blue Whale Growth Fund
Fund Launch Date	11 September 2017
Lead Fund Manager	Stephen Yiu
Co-Manager (October 2019)	Daniel Allcock
Fund Size	£915m
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	30
Avg. market cap	>£100bn

Top 10 Holdings %

Charles Schwab	Moncler	56.6
Lam Research	Nintendo	
Mastercard	Nvidia	
Meta	Sartorius	
Microsoft	Visa	

Geographical Breakdown %

North America	64.1
Europe	28.2
Asia Pacific	4.2
Cash*	3.5

Sector Breakdown %

Technology	32.9
Financials	18.4
Communication Services	11.3
Healthcare	11.3
Consumer Discretionary	11.1
Energy & Materials	4.0
Consumer Staples	3.9
Industrials	3.6
Cash*	3.5

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

SHARE CLASS DETAILS

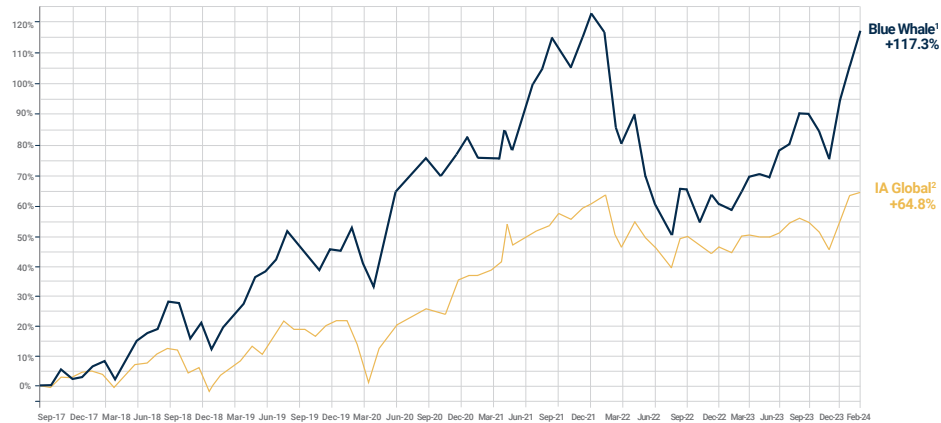
Share Class	OCF	Minimum	ISIN
I Acc (GBP)	0.83%	£10m	GB00BD6PG563
I Inc (GBP)	0.83%	£10m	GB00BD6PG670
R Acc (GBP)	1.08%	£1,000	GB00BD6PG787
R Inc (GBP)	1.08%	£1,000	GB00BD6PG894
R Acc (EUR)	1.58%	€1,000	GB00BYVQ1C38

AWARDS AND RATINGS



PERFORMANCE

"Committed to delivering consistent significant outperformance"



	To Date 2024	2023	2022	2021	2020	2019	2018	Since Launch	Annualised
Blue Whale¹	+5.5%	+30.7%	-27.6%	+20.8%	+26.4%	+27.6%	+8.6%	+117.3%	+12.9%
IA Global Average ²	+1.0%	+12.7%	-11.1%	+18.0%	+14.8%	+22.1%	-5.6%	+64.8%	+8.1%
Outperformance	+4.5%	+18.0%	-16.5%	+2.8%	+11.6%	+5.5%	+14.2%	+52.5%	+4.8%

Past performance is not a guide to future performance.

¹ I class Acc shares, net of fees priced at midday UK time, source: Bloomberg. ² 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

2023 - YEAR IN REVIEW by Stephen Yiu, published 2nd February



Given the major correction seen almost across the board in 2022, 2023 offered up more benign conditions for investors.

The WS Blue Whale Growth Fund performed particularly strongly, posting a return in excess of 30% for the year. This represented outperformance of our benchmark (IA Global) of 18% (WS Blue Whale Growth I Acc), which is the greatest margin of outperformance

from the fund since inception. Please be mindful that past performance is not a guide to future performance.

Macro and geopolitics

On the macro side, inflation and interest rates continued to dominate headlines as they had done the previous year. Our assertion that holding quality businesses to beat an inflationary environment played out. Their high margins and strong pricing power helped them to transcend the tricky macro-economic environment.

At the start of the year many were predicting a recession in the US. As the year progressed, however, sentiment changed as data suggested the US would come in for a soft landing, which in turn steadied the markets.

With the continued war in Ukraine and the latest conflict in Israel and Palestine, global geopolitics tried to ruin the party once again. However, much of the downside from the Ukraine conflict had already been priced in, and only a small blip was seen following the events of October 7th in the Middle East. We continue to monitor the region closely as an escalation could see a more damaging, long-term effect on the global economy.

Megatrends - a changing of the guard

Up until 2021, the main structural global megatrend had been that of digitisation. Whilst this trend continued in 2023 (and will likely continue for many years to come), the potential for outsized investment gains diminished as the pace of change decelerated following the pandemic.

The natural progression of digitisation was AI and automation, and 2023 could be seen as the beginning of this next global megatrend. At Blue Whale we had already started positioning the portfolio for this trend in 2021, with companies such as Nvidia and Lam Research sitting in the portfolio. However, it was the proliferation of AI and its democratisation in 2023 which delivered the share price gains that investors were hoping for from this new stage in technological evolution. Through the development of services such as ChatGPT, DALL-E and Midjourney, and the deployment of AI by global tech titans such as Microsoft and Adobe, AI became something consumers could start benefitting from, as well as big businesses.

The obvious winner of this proliferation of AI was Nvidia. As the leading maker of the hi-tech processors used to power the AI revolution, the stock fulfilled our prediction of becoming the next trillion-dollar company, to sit alongside Alphabet, Amazon, Apple and Microsoft in this exclusive club. The largest holding in the fund for much of the year, it delivered gains of nearly 250% in 2023 alone.

Portfolio change and detractors

We started 2023 with a portfolio of companies that we felt would reassert themselves to drive outperformance for the fund. During the year the majority of the Top 10 remained consistent, with stalwarts such as Microsoft, Mastercard, Visa and Nvidia holding their place whilst delivering pleasing performance.

There were a few notable additions and disposals in the fund in 2023. Applied Materials entered the fund, taking the place of ASML. Whilst similar companies, both in the semiconductor sector, ASML was sold on valuation grounds, with Applied Materials offering, what we believe to be, greater upside potential.

Autodesk was another stock making way in the portfolio. Whilst we still like the business, we felt greater opportunity lay with other companies, such as Adobe, which are better able to leverage AI in the creative space. Adobe, whilst it had always maintained its position in the portfolio, moved back into the Top 10 accordingly.

Meta was the headline re-entry into the fund. Having sold out of the business in early 2022, we re-entered last year off the back of its clear potential with generative AI, given its wealth of consumer data.

The final two major changes were an entry for Danaher, offering similar opportunity as Sartorius in the biotech space. Intuit made way in the portfolio purely on valuation grounds, with greater opportunity for upside seen elsewhere.

Whilst 2023 saw positive returns for much of the portfolio, certain sectors experienced their fair share of disappointment – most notably banks. Consequently, our investment in Charles Schwab was one of the main detractors from performance in the year. Worries over solvency of US banks – particularly smaller, regional lenders – led to a sector-wide nosedive in March. However, we view Charles Schwab as a net beneficiary of likely subsequent consolidation of the US banking sector and see it as a key investment to benefit from higher interest rates as it delivers a healthy return on its cash deposits. As we saw very limited risk of permanent loss of capital (our main consideration when looking at risk factors) and with the fundamentals of the business firmly intact (it is the largest investment platform in the US, with over \$8 trillion AUM.), we bought more of the stock as its valuation became more attractive.

Sartorius shares also took a dip early in 2023 following news of an acquisition, and investors stayed away from the bioprocessing business for much of the rest of the year. However, again we felt the fundamentals of the business remained sound and purchased more of the stock at its depressed price.

Looking forward

I will finish this review in much the same way as I finished the last in pointing out our truly active approach to managing the WS Blue Whale Growth Fund means we can adapt to the world as it changes. Our robust process continues to evolve, but is based on two key elements:

- We continue to invest in high quality companies: the ability of companies to exhibit fundamental outperformance is constantly in flux and our team of investment professionals will continue to chart these changes.

2023 - YEAR IN REVIEW by Stephen Yiu, published 2nd February

- We maintain a strict valuation discipline: the market is a dynamic beast and prices often diverge from what we see in the fundamentals – but we will never invest into low quality companies (or businesses) that may be at the mercy of cyclical economic gravity.

Looking forward, the portfolio is positioned to take advantage of what we see as the key issues of the year to come – AI and the automation revolution, reshoring and deglobalisation, and a general shift from consumer facing businesses to industrials.

With Russia continuing to flex its muscles, a delicate situation in the Middle East and China sabre rattling around Taiwan and the South China Sea, the world is precariously balanced. In addition to this, 2 billion people will go to the polls in 2024 as major elections around the world take place. Unsurprisingly, geopolitics will likely be the focus in the press over the coming year. Whilst inflation and interest rates will play second fiddle to geopolitics, we anticipate monetary policy to still command its fair share of column inches over the year. Although inflation is expected to be brought under control in many of the world's major economies, interest rates are likely to rebase at a higher rate than has been seen for over a decade.

With these macroeconomic headwinds we feel it is important to invest in those companies which can take advantage of underlying trends in the global economy, and therefore transcend the greater macroeconomic uncertainty. The portfolio is positioned accordingly.

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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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Blue Whale maintains a complaint handling policy and procedures in accordance with which it handles complaints, including complaints made by complainants who are eligible to bring a complaint to the Financial Ombudsman Service, the independent statutory dispute-resolution body for the financial services industry in the United Kingdom.

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PLATFORM AVAILABILITY

