

December Update

2021



As we enter December, and what is typically a quiet month for investors, there has been a great deal of noise in the stock market the last couple of weeks, largely stemming from the uncertainty surrounding new Covid variants, potential lockdowns, and inflation. The good news is that, for Blue Whale, this spells opportunity.

Owing to our strict valuation discipline, through the summer of this year we undertook several strategic sell-downs and exits, building a cash position in the fund, which now stands at over 5% - you can see a breakdown of the sector holdings on the [latest Factsheet which is available online here](#).

One of the companies that has been disposed of due to our valuation strategy is Visa. Whilst we still like the payments industry overall, we believe we have adequate exposure through our top-10 holding in Mastercard, which we believe to be a more innovative company. You can see more about Mastercard and our other Top 10 holdings on the [Top 10 page](#) on the website.

We consider our cash holding to be a fortunate tool to have in our pocket. As with the market tumble in March 2020, it is likely an indiscriminate sell off will leave some of our favourite companies offering exceptional value. Through our bottom-up investment approach, we have identified companies which we believe should do well regardless of the macro-economic environment. Many of these companies, we believe, will also be net beneficiaries of a world in lockdown, whether it be companies that offer systems to enable working from home like Microsoft, the online advertising giant which is Google (Alphabet), or even companies that benefit from accelerated digital transformation, such as Adobe.

Finally, another area of concern for investors, and perhaps another contributor to the increased volatility of late, is inflation. I recently wrote an article on my thoughts on inflation, how we are positioning the portfolio accordingly, and why I believe the quality businesses we have in the portfolio will defend against and possibly even benefit from an inflationary environment. [You can read the article here](#).

Please note that the information provided in this email is not to be construed as advice and any views we express on holdings do not constitute investment recommendations and must not be viewed as such. If you are unsure as to the suitability of an investment for your circumstances, please seek independent financial advice. Investments can go down in value as well as up so you may get back less than you invested. Your capital is at risk. Past performance is not a guide to future performance.

As always, I hope you have found this information interesting.

Kind regards,

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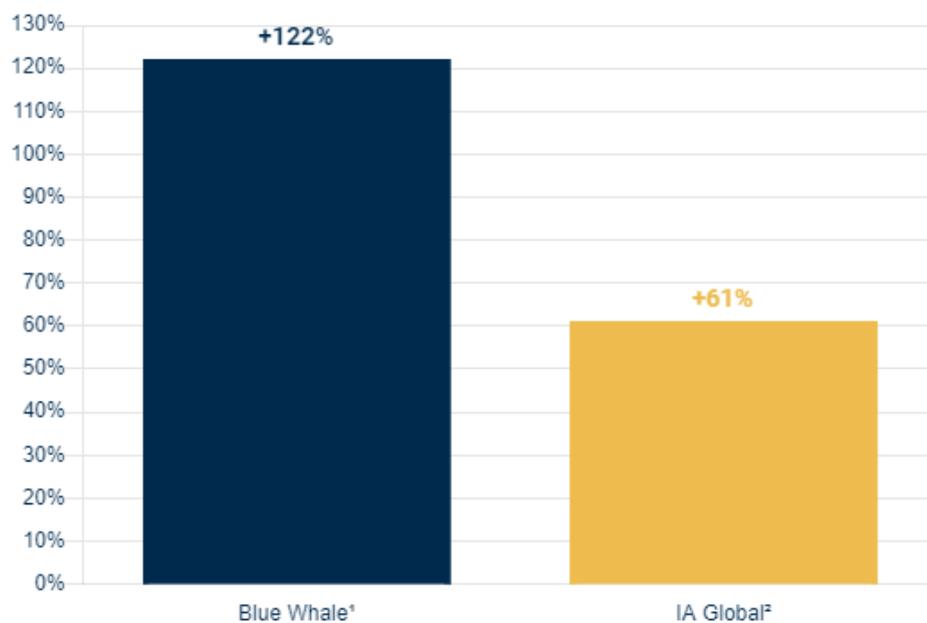
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PERFORMANCE

“Committed to delivering consistent significant outperformance”



	To Date				Since	
	2021	2020	2019	2018	Launch	Annualised
Blue Whale ¹	+23.3%	+26.4%	+27.6%	+8.6%	+122.1%	+20.8%
IA Global ²	+16.6%	+14.8%	+22.1%	-5.6%	+61.2%	+12.0%
Outperformance	+6.7%	+11.6%	+5.5%	+14.2%	+60.9%	+8.8%

Past performance is not a guide to future performance.

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

Lipper. Performance data for period 11/09/2017 to 30/11/2021.

