

## FUND FACTS

Fund	LF Blue Whale Growth Fund
Fund Launch Date	11 September 2017
Lead Fund Manager	Stephen Yiu
Co-Manager (October 2019)	Daniel Allcock
Fund Size	£680m
IA Sector	Global
Fund Type	UK OEIC
Base Currency	GBP
Dividend Dates	End of February, August
ACD	Link Fund Solutions (LF)
Depository	Northern Trust Global 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 %

Adobe	Mastercard	56.6
Amazon	Microsoft	
Autodesk	Nintendo	
Facebook	Stryker	
Intuit	Visa	

### Geographical Breakdown %

US	70.9
Europe	21.8
Asia Pacific	5.4
Cash	1.9

### Sector Breakdown %

Technology	58.5
Communication Services	15.0
Healthcare	9.5
Consumer Discretionary	8.2
Consumer Staples	5.6
Industrials	1.4
Cash	1.9

## SHARE CLASS DETAILS

Share Class	OCF	Minimum	ISIN
I Acc (GBP)	0.89%	£10m	GB00BD6PG563
I Inc (GBP)	0.89%	£10m	GB00BD6PG670
R Acc (GBP)	1.14%	£1,000	GB00BD6PG787
R Inc (GBP)	1.14%	£1,000	GB00BD6PG894
R Acc (EUR)	1.64%	€1,000	GB00BYVQ1C38

## AWARDS AND RATINGS



## PERFORMANCE

"Committed to delivering consistent significant outperformance"



	To Date	2021	2020	2019	2018	Since Launch	Annualised
<b>Blue Whale<sup>1</sup></b>	-3.1%	<b>+26.4%</b>	<b>+27.6%</b>	<b>+8.6%</b>		<b>+74.6%</b>	<b>+17.5%</b>
IA Global Average <sup>2</sup>	+0.5%	+14.8%	+22.1%	-5.6%		+38.8%	+9.9%
<b>Outperformance</b>	<b>-3.6%</b>	<b>+11.5%</b>	<b>+5.5%</b>	<b>+14.2%</b>		<b>+35.8%</b>	<b>+7.5%</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: Lipper. 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.

## 2020 INVESTMENT MANAGER'S REPORT BY STEPHEN YIU



Some years are so uneventful that they fade into memory while others seem to have a decade of change compressed into one year. 2020 certainly belonged to the second camp where the rate of change in the economy, business practices and social norms spiked all at once. Brexit was brokered, a pandemic was declared, and lockdowns were imposed. Words like “unprecedented” became cliché and creative adaption at all levels became the only way to survive.

As fund managers entrusted with our investors’ capital, our job is to position our portfolio to navigate safely through uncertainty and highly volatile markets. We are pleased to report that the Fund rose 26.4% (based on the I Sterling Accumulation share class) in 2020, outperforming the average fund in the IA Global sector by 11.5%<sup>1</sup>.

Last year also marked our Fund’s three-year anniversary. This is a critical milestone for us as we build our track record through economic and market cycles. We are pleased to report that from launch in September 2017 to the end of 2020, the Fund gained 80.2% (based on the I Sterling Accumulation share class) as compared to 38.2% for the average fund in the IA Global Sector<sup>2</sup>.

At the fund level, several factors contributed to our strong performance last year.

Due to our strict valuation discipline, we had 11% cash in our portfolio at the start of February. This enabled us to buy instigate new holdings and to add to existing holdings at discounted rates after the global pandemic triggered a significant sell-off. By the end of March, our cash position was at 3%.

Our focus on high quality companies saw significant performance contribution from those with highly resilient business models.

We benefited from the explosion in eCommerce from our holdings in PayPal and Amazon. Even prior to the acceleration of online shopping during lockdown, we saw both companies enabling and spearheading the generational shift in consumer behaviour. We added to both positions when prices weakened in February and March but reduced our holdings in Amazon in the second half of the year, again in line with our strict valuation discipline.

We also benefited from the acceleration in digital transformation among large businesses through our holdings in Microsoft, Adobe and Autodesk. We held these companies for their critical role in the digitisation of their customers’ industries, but they also exhibited high levels of resilience by having the right products available to benefit from emergent trends like working from home and growth in the freelancer economy. We added to all three when the markets were under pressure in March.

We exited our positions in franchised hotels after it became apparent that they would not be able to adapt quickly to a world where business and leisure travel were indefinitely put on hold by travel restrictions. The cash from our sales of Wyndham Hotels and Intercontinental Hotels Group was reinvested into eCommerce and digital transformation.

Notable additions in the year include Nintendo, the owner of high-value content like Mario and Pokemon, whose latest console represents a gamechanger in its category.

As a company, our house is built on delivering consistent, significant outperformance for our investors. To achieve this, we are equipped with an investment team of five – larger than most other funds our size – and in the new year, we will be making further additions to our team.

2020 was a year when the resiliency of business models was put to the test. Our investee companies – as well as our own firm – have adapted and thrived. Nevertheless, we are not a firm that rests on its laurels. This year, as we see the rollout of vaccination and economic recovery from the pandemic ahead of us, we remain vigilant against complacency – both within investee companies and within our own.

As the world changes around us we as an organisation adapt with it, however, there are two elements to our investment process that we hold constant:

1. 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.
2. We maintain a strict valuation discipline: the market is a dynamic beast and prices often diverge from what we see in the fundamentals – we will never dogmatically hold or avoid companies irrespective of the weight of economic gravity.

<sup>1</sup>Source: Lipper

<sup>2</sup>Source: Lipper

Please note that the information provided in this article 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.

### PLATFORM AVAILABILITY



## IMPORTANT NOTICE - REGULATORY INFORMATION AND RISK WARNINGS

This document is issued Blue Whale Capital LLP ("Blue Whale") which is authorised and regulated by the UK Financial Conduct Authority.

**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.

The contents of this document are based upon sources of information believed to be reliable, however, save to the extent required by applicable law or regulations, no guarantee, warranty or representation (express or implied) is given as to its accuracy or completeness and, Blue Whale, its members, officers and employees do not accept any liability or responsibility in respect of the information or any views expressed herein. All data is sourced from Blue Whale unless otherwise stated.

The document may include or may refer to documents that include forward-looking statements that are based upon our current opinions, expectations and projections. We undertake no obligation to update or revise any forward-looking statements. Actual results could differ materially from those anticipated in the forward-looking statements. Please note that the views we express on companies do not constitute Investment Recommendations and must not be viewed as such.

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.

### Complaints

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.

### Advice

No information contained in this site should be deemed to constitute the provision of financial, investment, taxation or other professional advice in any way. You should consider obtaining professional financial advice before proceeding with any investment.

### Taxation

Taxation will depend on individual financial circumstances and the country of residence. You should consider obtaining professional advice on taxation where appropriate before proceeding with any investment.