

## 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	£970m
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	50.4
Alphabet	Microsoft	
Atlassian	Nvidia	
Facebook	Veeva	
Intuit	Visa	

### Geographical Breakdown %

US	72.2
Europe	18.1
Asia Pacific	4.6
Cash	5.1

### Sector Breakdown %

Technology	53.4
Healthcare	17.0
Communication Services	12.0
Consumer Discretionary	8.4
Financials	2.1
Consumer Staples	2.0
Cash	5.1

## SHARE CLASS DETAILS

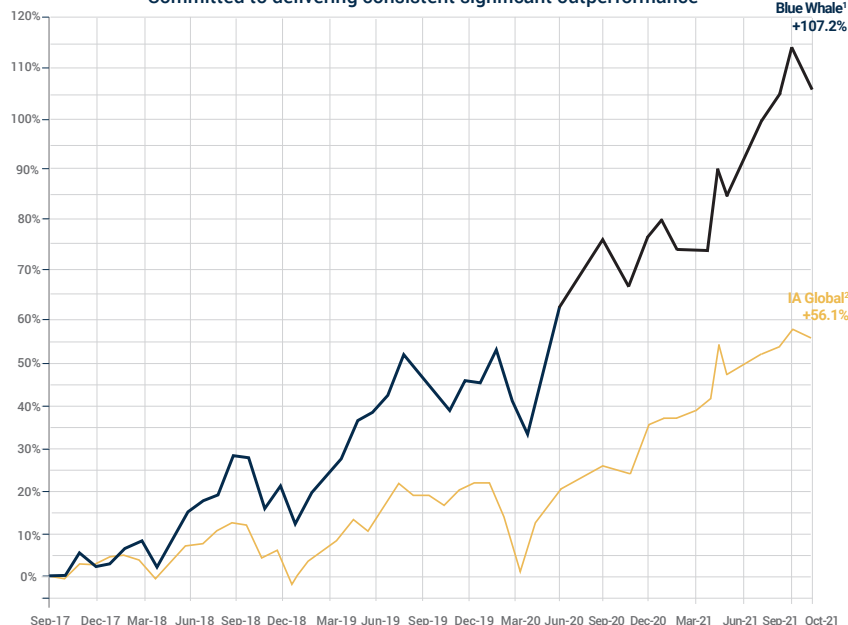
Share Class	OCF	Minimum	ISIN
I Acc (GBP)	0.87%	£10m	GB00BD6PG563
I Inc (GBP)	0.87%	£10m	GB00BD6PG670
R Acc (GBP)	1.12%	£1,000	GB00BD6PG787
R Inc (GBP)	1.12%	£1,000	GB00BD6PG894
R Acc (EUR)	1.62%	€1,000	GB00BYVQ1C38

## 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>	<b>+15.0%</b>	<b>+26.4%</b>	<b>+27.6%</b>	<b>+8.6%</b>	<b>+107.2%</b>	<b>+19.7%</b>
IA Global Average <sup>2</sup>	+13.0%	+14.8%	+22.1%	-5.6%	+56.1%	+11.6%
<b>Outperformance</b>	<b>+2.0%</b>	<b>+11.6%</b>	<b>+5.5%</b>	<b>+14.2%</b>	<b>+51.1%</b>	<b>+8.1%</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: 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.

## WHERE DO REVENUES ACTUALLY COME FROM? BLUE WHALE'S GUIDE TO SECTOR DIVERSIFICATION

At Blue Whale, we pride ourselves in the depth of our research and our investment team's ability to translate insights into fund performance.

Here we offer a sneak peek into our research process to help our investors understand what fund managers do in an otherwise opaque industry.

When we look at a company, we always analyse three things: *who* they sell to (the customers), *what* they sell (the product), and *how* they sell it (the business model). These three things help us assess the company's ability to outperform the market.

In this article, we focus on understanding where a company delivers value to truly appreciate its underlying economic exposure and understand its impact on portfolio sector diversification.

### Follow the Money – where do revenues come from?

Most standard sector classifications are based on what a company sells. Amazon operates an online retailer so it's often classified along with Walmart as a retailer. Adobe sells software so it's classified with Microsoft as a tech business.

While this represents a quick way of approximating a company's sector exposure, we find it less helpful for understanding the true economic exposures behind a company's performance.

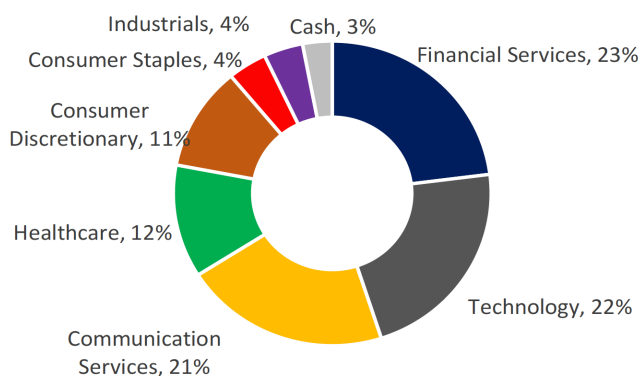
Take Adobe for instance. Adobe's main customers are creative professionals in the media and entertainment space which exposes the company's fortunes to video editing, photo editing, online marketing and online advertising. This ties its fate to the producers of content and the platforms through which they're distributed. That's why we classify Adobe under Media and Entertainment along with Disney, Netflix, Youtube and Facebook: it's the demand for digital content that's driving Adobe's performance.

Autodesk, on the other hand, sells software mainly to the construction, industrial and manufacturing industries. This makes its underlying economic exposure closer to housebuilders like Ashtead, construction companies like Balfour Beatty, their cement and aggregates suppliers, as well as manufacturing giants like Siemens and Philips. That's why we prefer to classify Autodesk with Industrials companies: it's the digitisation of construction and industrials processes that's driving Autodesk's growth.

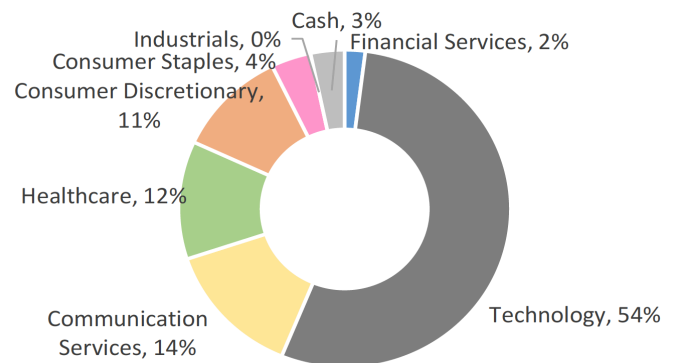
Furthermore, companies like Visa and Mastercard, which are often classified as tech companies but whose clients are mainly banks and other financial institutions, are clearly more exposed to the banking and payment industries. That's why we prefer to classify Visa and Mastercard as Financial Services rather than Software.

Applying this at the portfolio level helps us better understand the true level of diversification from our collection of companies. We see for instance that almost half of the portfolio is exposed to financial services/payments and media & entertainment, something that's not immediately observable from standard industry classifications.

**X-Ray view of portfolio's economic exposures**



**Standard Sector Classification**

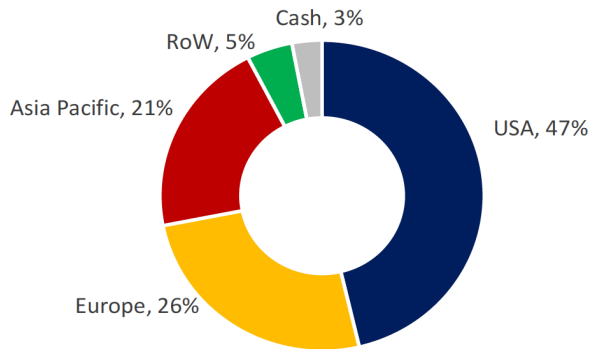


Source: Blue Whale Capital, as at 31 July 2021

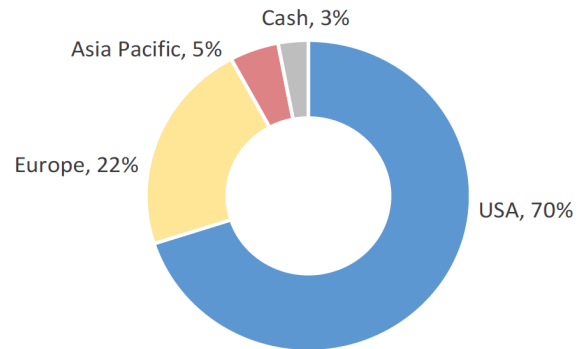
## WHERE DO REVENUES ACTUALLY COME FROM? BLUE WHALE'S GUIDE TO SECTOR DIVERSIFICATION

A similar exercise can be made when looking at our portfolio's geographic exposure. Although many of the companies we own are listed in the US (about 70% of our portfolio), almost all are large global companies generating revenues in Europe and Asia (often 40% or more), just like many companies listed on the FTSE 100 Index. Taking this x-ray view of where revenues come from, we can see that our portfolio's underlying exposure is very well diversified globally.

**X-Ray view of portfolio's geographic exposures**



**Standard Geographic Exposure by Country Listing**



Source: Blue Whale Capital, as at 31 July 2021

We believe that doing this helps investors better understand the true level of portfolio concentration risk in any one sector as well as providing a deeper understanding of the key drivers behind portfolio performance. We invite all investors to take a deeper look at their own portfolios and to ask their fund managers to report on their underlying exposures – the results might surprise you!

*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 by 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.

<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.

### Advice

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### 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.

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