

## FUND FACTS

Fund	WS Blue Whale Growth Fund
Fund Launch Date	11 September 2017
Lead Fund Manager	Stephen Yiu
Fund Size	£1.3bn
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 %

Broadcom	Oracle	58.0
Danaher	Philip Morris	
Flutter	Sartorius	
Lam Research	TSMC	
Nvidia	Vertiv	

### Geographical Breakdown %

North America	71.0
Europe	15.9
Asia Pacific	12.7
Cash*	0.5

### Sector Breakdown %

Technology	39.9
Consumer Discretionary	14.1
Financials	13.2
Healthcare	11.0
Industrials	8.5
Communication Services	8.3
Consumer Staples	4.5
Cash*	0.5

\*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

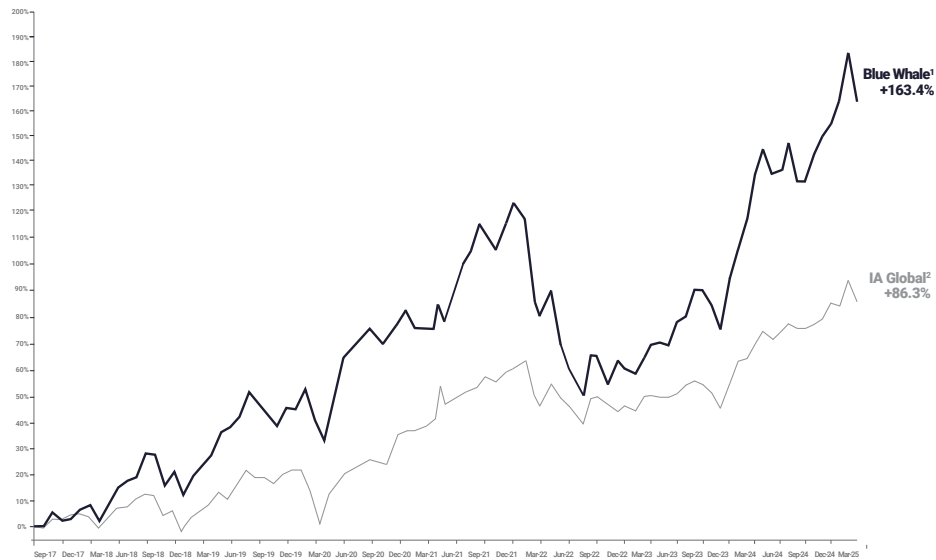
Share Class	Minimum	OCF	Price
I Class Acc (GBP)	£10m	0.83%	263.43p
I Class Inc (GBP)	£10m	0.83%	261.69p
R Class Acc (GBP)	£1,000	1.08%	258.63p
R Class Inc (GBP)	£1,000	1.08%	258.27p
R Class Acc (EUR)	€1,000	1.58%	2.2302

## AWARDS AND RATINGS



## PERFORMANCE

“Committed to maximising your investment”



	To Date 2025	2024	2023	2022	2021	2020	2019	2018	Since Launch	Annualised
Blue Whale <sup>1</sup>	-0.3%	+28.2%	+30.7%	-27.6%	+20.8%	+26.4%	+27.6%	+8.6%	+163.4%	+13.8%
IA Global <sup>2</sup>	+1.4%	+12.6%	+12.7%	-11.1%	+18.0%	+14.8%	+22.1%	-5.6%	+86.3%	+8.7%
<b>Outperformance</b>	<b>-1.7%</b>	<b>+15.6%</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>+77.1%</b>	<b>+5.2%</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 annual investment of £120,000 in WS Blue Whale Growth Fund
- WS Blue Whale Growth Fund Fee Rebate Scheme





## DEEPSEEK: A GAME-CHANGER FOR GENERATIVE AI

by Stephen Yiu, published 29th January



### What happened?

DeepSeek, a Chinese company specialising in generative AI applications, has roared into view and soared in popularity on app stores thanks to its ability to deliver ChatGPT-level performance at a fraction of the development cost. Reports suggest DeepSeek has achieved this breakthrough by training its AI model on significantly fewer and less-powerful GPUs compared to alternatives like OpenAI's ChatGPT.

This development could have profound implications for the AI industry and associated sectors.

### Why does this matter?

The potential impact of DeepSeek's innovation is far-reaching. Historically, AI development has been a high cost activity - both for developers and end-users - driven by the substantial computational power and infrastructure required. DeepSeek has developed a new approach with more efficient compute and less hardware, which shows that AI models can be trained more cost-effectively, potentially transforming the economic dynamics of the industry.

### Market fallout

News of DeepSeek's efficiency triggered a sharp market reaction. Shares of companies involved in GPU manufacturing and AI hardware - including cooling systems used in data centres - fell sharply on Monday. Investors interpreted the development as a sign of declining demand for these components.

### Taking a step back

While the market's reaction was dramatic, we believe this development is, in fact, a net positive for the AI sector.

### Why DeepSeek's breakthrough is good news for AI

#### 1. Lower costs and barriers to entry:

AI, once the preserve of mega-cap tech giants with deep pockets like Microsoft, OpenAI, Adobe, and Meta, is now becoming more accessible. Reduced hardware and energy demands mean smaller players can enter the space, fostering competition and accelerating innovation and demand.

#### 2. Improved energy efficiency:

AI infrastructure has faced criticism for its significant energy consumption. Some tech giants have invested in alternative energy solutions, even building their own small nuclear reactors to meet future demand. DeepSeek's breakthrough goes some way to ease these concerns by cutting or pushing back the increases in energy demand, reducing the environmental footprint of AI.

#### 3. A foundation for AI 2.0:

The rise of companies like DeepSeek could expedite the next phase of AI innovation. While the first wave of AI focused on applications like code generation, copywriting, and image creation, lower costs and increased competition may pave the way for entirely new use cases to emerge in a second wave.

#### 4. Motivating the big players:

Established players such as Meta, Microsoft, and Alphabet are unlikely to scale back their AI ambitions. Instead, they're likely to seize on these efficiencies themselves to expand further. Notably, Meta recently announced a 20% increase in capital expenditure, much of which is earmarked for AI. This could be considered an arms race, and if you aren't moving forwards, you're moving backwards. The emergence of a new international competitor like DeepSeek will only heighten the urgency for US tech giants to maintain their leadership.

### What's next?

It's important to approach DeepSeek's claims with a little scepticism, especially given the timing and the context of a Chinese app rising rapidly in US download rankings. However, if the figures are accurate, this development marks an exciting milestone for the future of AI.

Rather than damaging the industry, DeepSeek has injected it with yet more innovation and urgency, making AI more cost-effective, efficient, and scalable. These are likely to lead to wider adoption, setting the stage for a sustainable and dynamic AI ecosystem.

### My perspective

I'm closely monitoring these developments. While market reactions can be outsized or misaligned with long-term implications, I view this as a positive shift for the AI landscape.

Our portfolio is well-positioned to benefit from these idiosyncratic moves. Just as Microsoft and Amazon rebounded and thrived after the initial Covid-19 market sell-off, I think the long-term effects of DeepSeek's advancements will unlock significant opportunities.

To demonstrate my confidence, I've begun to initiate the first round of company investment into our own Fund in 2025. This aligns with my belief in the short-term nature of current market volatility and the immense long-term potential of a more efficient and accessible AI ecosystem. Some investors have taken fright this week. I am instead energised by the latest development. It won't be the last.

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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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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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## PLATFORM AVAILABILITY

HARGREAVES  
LANSDOWN

AJBell

abrdn

M&G wealth

CHARLES  
STANLEY Direct

IIJ

AJBell  
Investcentre

CAPITAL  
INTERNATIONAL GROUP

transact  
take control

wealthtime

Bestinvest  
by Evelyn Partners

EGON

interactive  
investor

Quilter

SCOTTISH  
WIDOWS

canada  
life

JAMES HAY  
PARTNERSHIP

allfunds

AVIVA

Fidelity  
INTERNATIONAL

7IM

Interactive  
Brokers

SAXO  
BE INVESTED

nucleus

RAYMOND JAMES

stocktrade

Parmenion

Pershing

SS&C

Hubwise

Standard Life

