RASAMEEL

DISRUPTIVE TECHNOLOGIES STRATEGY

FACT SHEET

30/04/2022

Investment Objective
The strategy is to invest in companies that are developing technologies that will disrupt the status quo in multiple areas such as healthcare, retail, AI etc.

Investment Manager
Rasameel Investment Company KSCC

Time Horizon
Longterm

Inception Date
01/06/2019

Base Currency
USD

Benchmark Index
Morningstar Exponential Technologies index

Top Holdings

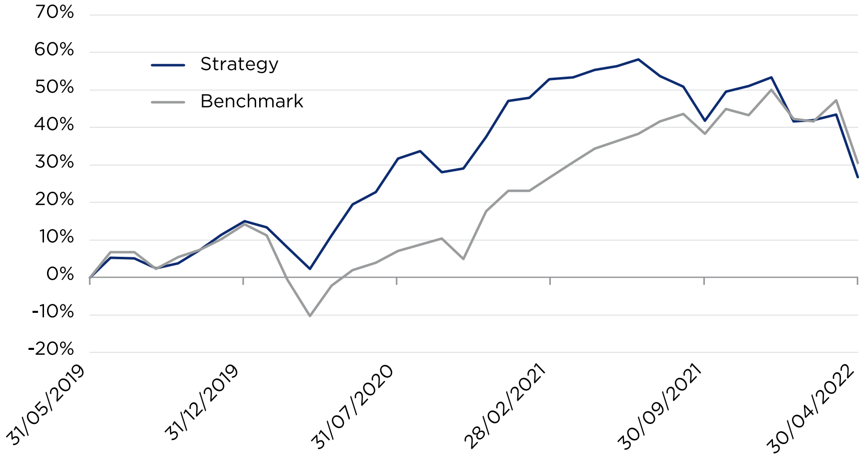
Company	Weight
ICFI US	4.62%
VRTX US	4.13%
YCA LN	3.84%
AKAM US	3.48%
AMD US	3.10%

Characteristics	Strategy
TTM P/E	18.69
P/B	2.27
P/CF	14.39
Dividend Yield	1.35%
Debt/Equity	0.34

Returns	Strategy	Benchmark
MTD	-11.70%	-11.35%
YTD	-17.37%	-13.02%
ITD	26.71%	30.47%

Risk Statistics - ITD	Strategy	Benchmark
Std. Dev	20.68%	17.29%
Downside Risk	14.49%	12.10%
MC VAR	-29.37%	-24.44%
BETA (ex-post)	1.09	1.00
Correlation	0.9	1.00
Sharpe Ratio	-0.88	-0.74
IR	-0.72	NA

Performance

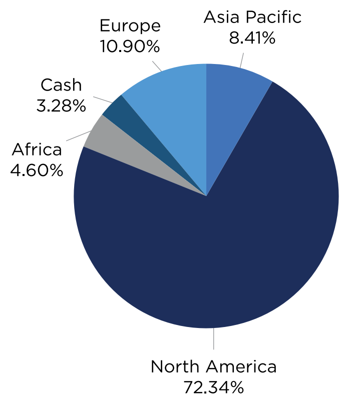


Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark
2022 (%)	-7.67	0.25	1.10	-11.70									-17.37	-13.02
2021 (%)	0.58	3.38	0.27	0.88	0.59	1.18	-2.75	-1.84	-6.03	5.44	1.03	1.50	4.32	21.93
2020 (%)	-1.35	-4.83	-5.37	8.88	7.54	2.98	7.23	1.56	-4.22	0.71	6.54	6.96	27.87	7.76
2019 (%)						5.20	-0.21	-2.61	1.10	3.60	3.61	3.32	14.65	14.16

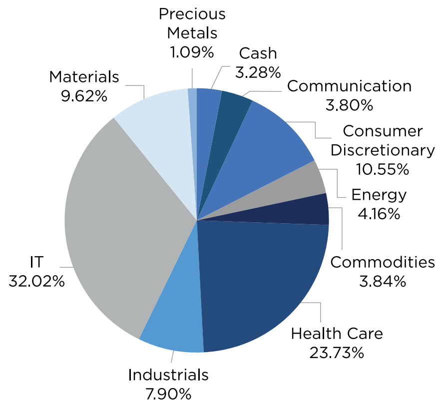
30 Day Top Contributers & Detractors

Contributers	Return	Cont.	Detractors	Return	Cont.
9618 HK	13.29%	0.30%	TDOC US	-53.20%	-0.79%
ICFI US	4.96%	0.18%	AMD US	-21.79%	-0.74%
VRTX US	4.69%	0.16%	RIOT US	-52.10%	-0.58%
BMRN US	5.51%	0.05%	LYSDY US	-20.90%	-0.49%
SAN FP	3.74%	0.03%	AA US	-24.69%	-0.48%

Geographic Breakdown



Sector Breakdown



* *The performance shown above is gross of all fees and unaudited. Past performance is not indicative of future returns.*

Description

The objective of the Strategy is to invest in those companies that are developing technologies that will disrupt the status quo, in areas such as retail, healthcare, data storage and networking, AI and autonomous vehicles. The investment horizon of the strategy is categorized as long term to realize the high growth potential of the constituents. Given the nature of the strategy's focus, it is expected to be more volatile than a more diversified equity strategy over the short to medium term. Over a full cycle, we expect outsized returns from this strategy, as these technologies become increasingly ubiquitous.

Comment

The Disruptive Technologies Strategy saw a decline of 11.7% in April, marginally underperforming the benchmark, the Morningstar Exponential Technologies index (as reflected by XT US), which was down 11.4% during the month. The Strategy did manage to outperform the tech-heavy Nasdaq Composite Index and the Ark Innovation Fund, which were down 13.3% and 29% respectively over the month. April was an extremely difficult month for equities, as well as other asset classes, as investor sentiment deteriorated with the prospect of tighter monetary policy moving into focus. Add to this the ongoing political tensions over in European, and intensified lockdowns in China, creating an unfavorable environment for growth stocks. Year to date, the Strategy is down 17%. While we are unhappy with this result it is still up against our various benchmarks such as XT, ARK Innovation and the Nasdaq, which are down 21%, 50% and 21% respectively.

We came into the year with an overweight to cash and have been deploying this on weakness. At this point we are largely fully allocated but do take exposure to marginally more defensive areas of the market, some of which we now consider to be oversold. The Strategy is designed to give investors exposure to high growth disruptive themes and will not change its focus due to swings in the market. Investors in the DT space need to cognizant that they are investing over the longer term and need to be prepared for market turbulence and rallies. Our role is to allocate and stock pick across the space, to try and ensure outsized returns over the longer term.

While it is unfortunate to see this broad sell off and capital destruction across markets, it is important to consider the current hawkish tone of the Fed in comparison to previous rate-hike campaigns. While the 1970s were characterised by strong outperformance in value relative to growth, this wasn't the case for the rate-hike campaigns that have taken place from the 1990s onwards. We have witnessed four rate-hikes campaigns since the 90's, not including the current one. In 3 of the 4 campaigns undertaken by the Fed, growth stocks outperformed value stocks. Each period is different though. Historically though, the equity markets tends to do fine at the start of a hiking cycle and then falls off once the Fed overtightens. We are very much at the start of the current cycle. The bond market though, has already priced in significant increases in rates with the 2yr yield already up at 2.6%, similar levels to what we saw back in 2018, a period that was reflected by a taper tantrum and the speedy reversal by the Fed.

Apart from the Fed, there are three mounting macro concerns we have for the markets in general. The Russian/Ukraine conflict seems to be increasingly entrenched and is slowly becoming a proxy war between the west and Russia, played out in Ukraine. This is deeply unfortunate and can have massive ramifications on oil and gas prices as well as wheat and other commodities globally, not to mention the wider ramifications of such a conflict. NATO expansion in the area is not conducive to a peace deal and the West's appetite for a conflict seems unsatiable. Another concern we have, relative to coming into the year, is the covid policies and lockdowns we are witnessing in China. Locking down millions of employees has massive ramifications on supple chains and the like. Lastly, we are concerned that the globe's massive roll out of vaccinations over the last few years, may potentially negatively impact the ability to reach herd immunity against the various variants and that we may see yet another dramatic wave as we enter winter in the Northern hemisphere. The latter though would likely be met with central bank easing, so areas like DT would do very well coming out of that.

The reality is that all the thematic pillars that compose the Disruptive Technology Strategy remain intact, which strengthens the rationale to continue believing in the disruptive growth story going forward. Nonetheless, we continue to keep an eye out for GDP and labour market figures, as well as the health of the housing market, as they are the bastions of the Fed's argument for a soft landing in this monetary tightening environment.

Looking at contributors to the Strategy, **JD.com (9618 HK)** rose 13.3% in April. While the stock traded weak during the month as concerns around China's stringent zero-covid approach weighted on broader sentiment, JD stock rebounded sharply during month end to post positive absolute performance. The sector's sharp rebound on monetary easing announcement from PBOC gives us confidence in the ability of our Chinese equity holdings to recoup their losses as we expect monetary easing to pick up pace as we progress through the year. Elsewhere, global consulting and technology services company **ICF International (ICFI US)** rose 5% in April after beating on revenue and earnings consensus, while also guiding for double digit revenue growth in FY22 with a strong margin performance reaffirmed. ICF International continues to make strong progress as evidenced by its ability to win government and commercial projects. **Vertex Pharmaceuticals (VRTX US)** advanced 4.7% for the month, as the company released promising results from its mid-stage trials for the development of non-opioid based painkillers.

In terms of detractors, **Teladoc (TDOC US)** stock fell 53.2% in April. The stock fell sharply post announcement of its Q12022 earnings which saw disappointing guidance and asset write-downs. The Strategy had taken exposure to Teladoc after it had sold down severely on fears that covid tailwinds were waning, which would hurt operational metrics for the telehealth company. While we are disappointed with the degree of the continued sell off in the name, it is important to note that the total addressable market for telehealth services continues to growth at a strong CAGR of 32%, and Teladoc remains the leader with the highest market share. **Advanced Micro Devices (AMD US)** declined 21.8% during the month, despite the company firing on all cylinders, as it reported revenue growth of 71% YoY, beating consensus by 6%, and EPS growing 117% YoY, 22% ahead of consensus. The company has also raised gross margin forecasts for FY22, reflecting favourable product mix towards HPC and multicore data centre processors, as well as Xilinx's high margin business. The company also authorized a fresh $8 billion share buyback program. While the market points to weakening laptop shipments as an alarm bell to the start of a cyclical downturn, we believe higher demand for enterprise PCs should help pick up the slack. We are still in the early innings of cloud computing proliferation, and semiconductor companies such as AMD boasts a much stronger balance sheet today than ever before.

In the current market environment, investors seem fearful to put cash to work despite some areas having been sold down significantly. We are taking a similar approach of waiting and assessing to get a clearer understanding of how inflation, growth, central bank actions, the war in Ukraine, the Covid situation in China, and the possible resurgence of covid in winter may play out.