RASAMEEL

DISRUPTIVE TECHNOLOGIES STRATEGY

FACT SHEET

31/07/2022

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

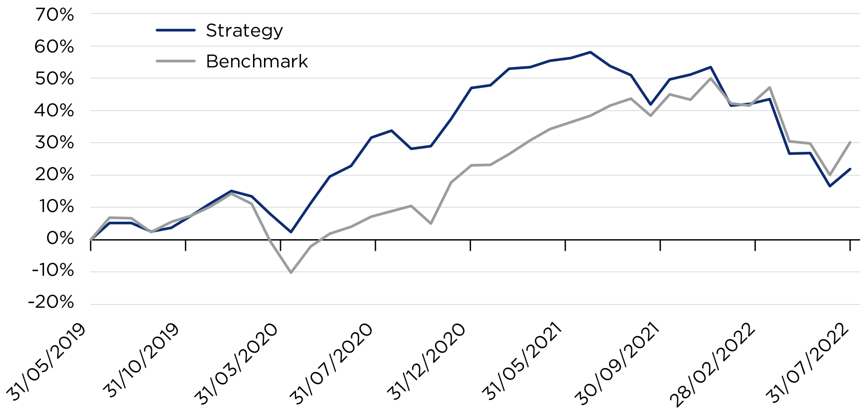
Company	Weight
ICFI US	3.19%
AMGN US	3.06%
CRWD US	3.00%
AZN LN	2.81%
VIPS US	2.68%

Characteristics	Strategy
TTM P/E	16.46
P/B	2.46
P/CF	15.68
Dividend Yield	1.60%
Debt/Equity	0.36

Returns	Strategy	Benchmark
MTD	4.60%	8.47%
YTD	-20.50%	-13.22%*
ITD	21.90%	30.16%*

Risk Statistics - ITD	Strategy	Benchmark
Std. Dev	24.57%	21.45%
Downside Risk	17.69%	15.30%
MC VAR	-31.42%	-32.39%
BETA (ex-post)	1.07	1.00
Correlation	0.93	1.00
Sharpe Ratio	-0.77	-0.75
IR	-0.37	NA

Performance



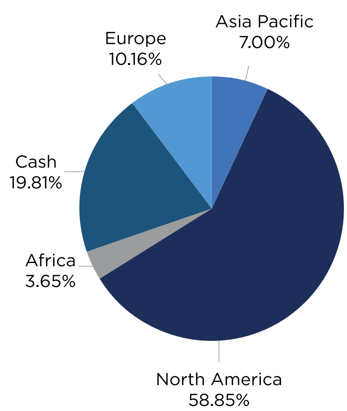
* Benchmark was changed to XT US in April 2022. Performance reported since represents that of the blended benchmark.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark
2022 (%)	-7.67	0.25	1.10	-11.70	0.01	-8.03	4.60						-20.50	-13.22*
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

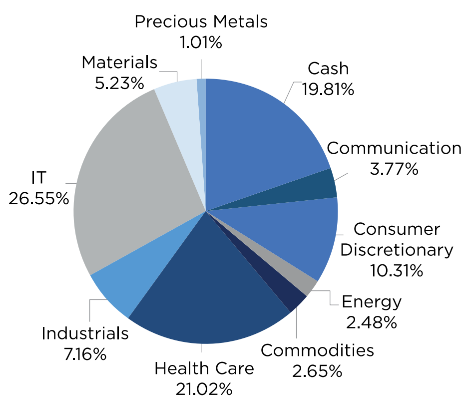
30 Day Top Contributers & Detractors

Contributers	Return	Cont.	Detractors	Return	Cont.
AMD US	23.54%	0.51%	VIPS US	-7.38%	-0.22%
YCA LN	15.10%	0.44%	9618 HK	-7.55%	-0.21%
GFS US	27.62%	0.41%	BKR US	-11.01%	-0.12%
LRCX US	17.45%	0.30%	ZOOM US	-3.81%	-0.05%
CRWD US	8.92%	0.26%	HBM US	-5.64%	-0.05%

Geographic Breakdown



Sector Breakdown



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

Disclaimer:

This document is prepared for promotional purposes. The performance stated above is for a composite of client accounts and is gross of all fees and commissions. Actual client performance may vary from the composite. Rasameel Investment Company hereby undertakes that it does not disguise, diminish or obscure important items from the investment subject of promotion.

Warning:

The past performance of any investment or a product is not a reliable indicator of future results and it cannot be relied upon for investment decision making.

Comment

The rally in July took many investors by surprise as equity markets rebounded sharply despite aggressive central bank rate hikes, soaring inflation, energy disruption in Europe, a fresh property crisis in China, and few signs of an end to the war in Ukraine. In July, the S&P 500 climbed 9.1% to erase June's losses, while the Nasdaq rallied 12.4%. Improved risk appetite was largely built on the view that the Fed may back down on rapid rate hikes amid signs of softer US economic data. Better-than-feared 2Q S&P 500 earnings also lifted sentiment in the last two weeks of July. In terms of our performance, given our defensive sector positioning, underweight technology, and overweight cash, we underperformed in July. The Disruptive Technology strategy returned 4.6%, underperforming the benchmark which was up 8.4% last month.

We continue to expect for economic figures to weaken further into the end of the year and have already seen evidence of this in the form of softer earnings beats in the current quarter. Of the S&P 500 companies that have reported, earnings have exceeded estimates by 3.4%, which is well below the 5-year average of 8.8%. Moreover, Q2 blended earnings growth for the S&P 500 is 6.7%. **However, excluding the energy sector (the largest contributor to Q2 earnings), the S&P 500 would be reporting a YoY decline in earnings of 3.7%.**

In terms of contributors to the strategy last month, our exposure to **Advanced Micro Devices (AMD US)** returned 23.5% on the back of earnings which saw the company deliver a slight top and bottom-line beat, with PC segment declines that were much better off than the shocking declines seen at Intel. The PC pandemic boom is now in the rearview mirror, but AMD has forecast PC demand will decline in-line (mid-teens) with market forecasters such as Gartner, unlike its main competitor in CPU. AMD has also reaffirmed FY guidance, still expecting data-center expansion to fuel growth. Elsewhere, **GlobalFoundries (GFS US)** also rebounded strongly along with the semiconductor industry and delivered a 27.6% return for the month. The ongoing political tensions arising from Pelosi's visit has improved the investment rationale for a foundry with no exposure to the APAC region. GFS has also announced the extension of its strategic agreement with Qualcomm to more than double chip production through 2028 at GFS's US manufacturing facility. **Lam Research (LRCX US)** returned 17.5% in July as the company beat revenue estimates by 10% and EPS estimates by about 20%. It also provided guidance of $4.9 billion for Q3, about 7% above consensus estimates of $4.6 billion. Finally, **Crowdstrike Holdings (CRWD US)** rose 8.9%, as the company was the subject of several upward revenue and EPS revisions in the last month. The stock outperformed cybersecurity ETFs such as the iShares Cybersecurity & Tech ETF, which was up 4.7% in July. The company is set to report earnings at the end of the month, but management was very upbeat in terms of adoption rates in its recent presentation at Stifel 2022 Cross Sector Conference.

In terms of detractors, as US-China geopolitical risks escalated in July, China equities got sold down. But with Nancy Pelosi's Taiwan visit now completed, we are seeing equities recoup their losses in August. **Vipshop (VIPS US)** and **Jd.com (9618 HK)** fell 7.4% and 7.6% respectively. On China, while investors expected more rapid monetary easing from China and thus remain disappointed to some extent with China's approach of not flooding the market with stimulus. However, China has plenty of room to cut rates and is still a market in easing mode while the rest of the world is tightening. Thus, we continue to see China as a good place to remain invested in 2022. **Baker Hughes (BKR US)** fell 11% in July after reporting disappointing earnings and an impairment loss on their Russian assets. While the energy sector will suffer in a recession, it's the only sector that has seen positive EPS revisions so far this year. **Zoom Video Communications (ZM US)** was down 3.8% in July to conclude the top 5 detractors for the month. It surprised us to see Zoom not partake in the broad tech rally of July, be we remain positive on the name given its valuation has come down significantly, while it continues to be a strong free cash flow generator.

We would highlight that we saw last month's market rebound as a bear market rally and decided against chasing it. Indeed, we have seen many such rallies so far this year and in all prior bear markets. We wouldn't be surprised to see lower lows ahead. Being defensively positioned in bear market rallies is always difficult as it leads to short term underperformance. But, as always, we focus on the longer-term and on protecting client capital, especially in turbulent markets like these. We take the view that we need to see earnings being revised downwards before we can start to call a bottom. We would also argue that it is far too early for the market to rally on the back of the expected Fed pivot. The Fed will only pivot when the economic data is much weaker, unlikely before. Most recent ISM and payrolls data confirms that we are far from that point currently. For now, we remain focused on assessing economic data, company earnings and guidance and will start to add to risk exposure once we think consensus earnings have priced in a weaker economic environment.

Please find our detailed monthly commentary here.

Strategy 10 top holdings

	STOCK	INVESTMENT THESIS	
			Fundamental Investment Thesis
1	META PLATFORMS	Rationale	META's family of apps are accessed by 3 billion people on a daily basis. We like the company capital allocation history and see a lot of room to grow unmonetized assets such as WhatsApp, Reels, Reality Labs and FB marketplace. The company is a high FCF generator, and we remain bullish on META's sustainable moat in the online advertising industry. We see the metaverse, AR/VR business as an optionality into the future.
2	JD.COM	Rationale	We see JD.com as an attractive "Quality China Internet Growth" play and one of the most attractive ways to get exposure to Chinese retail, where ecommerce penetration continues to grow. Expansion outside of China could increase JD's TAM further. The company is well positioned to improve its market share gains within the Chinese e-commerce sector.
3	CROWDSTRIKE	Rationale	High growth cybersecurity name specializing in cloud security. Crowdstrike has seen a drawdown of more than 40% since its' highs; in-line with tech peers amidst Fed tightening expectations. Nonetheless, the company has managed to grow revenues 4X in 3 years. It is a standout leader in AI-driven endpoint detection, response and protection.
4	NASPERS	Rationale	We think Naspers stock offers an excellent opportunity to get exposure to Tencent, JD.com and several other high growth venture capital companies at a significant discount to the company's sum of the parts valuation. While the company owns 29% of Tencent, over 80% of Nasper's valuation today is attributable solely to its Tencent stake, allowing for a mere 20% valuation to its impressive portfolio of high growth tech companies.
5	ICF INTERNATIONAL	Rationale	ICF International is one of the top providers of professional consulting and technology-based solutions to Governments and large Corporations. ICFI has a very broad-based exposure within the United States and across the globe and continues to witness an increase in demand driven by the paradigm shifts of energy transition, demographics, and the social climate. With a solid balance sheet and proven track record, ICFI should consistently continue to be value accretive.
6	VIPSHOP	Rationale	We think Vipshop stock at current valuation (0.3x revenue) is oversold and largely trades as a "value play" within a long-term growth sector. The company is debt free, generates good free cash flow and holds over 50% of its enterprise value in cash and cash equivalents on its balance sheet. The stock is also well supported by a $1bn buyback plan, or about 15% of the company's current market capitalization.
7	AMGEN	Rationale	As a big-cap biotech, Amgen has offered great relative performance as the company is growing revenue 70% in 3 years. This has been made possible by the offerings and the continued success the company sees in getting approvals for their drug readouts.
8	YELLOW CAKE	Rationale	We like Uranium as it is the greenest and most reliable source of energy on the planet. With years of underinvestment in uranium supply, and demand starting to rise from China, India, and Japan, we expect uranium prices to rise much higher. Yellow Cake is our investment vehicle of choice, as it provides physical storage of uranium oxide and is currently trading at a discount around 25% to its Net Asset Value, essentially buying physical uranium at a discount.
9	ASTRAZENECA	Rationale	Astrazeneca has been a steady performer as the company has a strong product offering and a strong organic pipeline. Coupled with their huge cash flow generation, AZN has exhibited resilience in downturns and has a strong expected growth going forward with a stacked readout season until 2023.
10	VERTEX PHARMA	Rationale	One of the bright spots in a dark biotech environment. The company profited from their success tackling CF via their offerings. Their updates on the patents have ensured that growth from this drug will continue and their pipeline has seen approvals that will enable them to diversify away from CF and into other areas of medicine.