

FAANG+

Castlestone FAANG+ UCITS Fund

Q4 2019

AQA  
CAPITAL

CASTLESTONE  
MANAGEMENT





### Fund Overview

- AQA UCITS Fund SICAV plc is licensed in Malta by the Malta Financial Services Authority ("MFSA") as an undertaking for collective investment in transferable securities (UCITS) (the "Scheme").
- FAANG+ UCITS Fund is a sub-fund within AQA UCITS Fund SICAV plc (the "Fund").
- The Scheme and the Fund are managed by AQA Capital Ltd., a Maltese UCITS Management Company licensed by the MFSA (the "Manager").
- Castlestone Management LLC provides advice in relation to the investments to be made by the Manager in respect of the Fund.

### What is FAANG?

- Facebook, Apple, Amazon, Netflix, Google. Each of the FAANG stocks trade on the NASDAQ, which is tracked by the S&P 500 Index. Since the S&P 500 is a broad representation of the market, the movement of the market mirrors the movement of the index. Together, the FAANGs make up appx. 17% of the S&P, which has a total of 500 of the largest companies trading on the NYSE and NASDAQ. Adding Microsoft to the FAANGs represents appx. 20% of the S&P 500 Index\*.

### What is "+"?

- The next major tech names in developed and emerging markets: Samsung, Taiwan Semiconductor, Tencent, Baidu and Alibaba etc.

### Investment Objective

- The fund will focus on US *and* global tech companies. The Fund will have no leverage and only hold exchange traded equities diversified under 5/10/40 rules of UCITS. The fund will also have the ability to use an option strategy targeting premium income from selling covered call options against the underlying holdings.

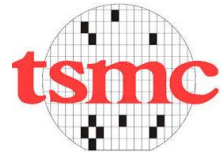
### Why own FAANG+ stocks?

- FAANG+ stocks are some of the most popular and attractive stocks to own and should be considered in a portfolio due to their high growth potential. 20% of all money going into tracker funds of the S&P 500 Index, MSCI EM Index and ETF's related to them both are allocated to FAANG+ stocks.

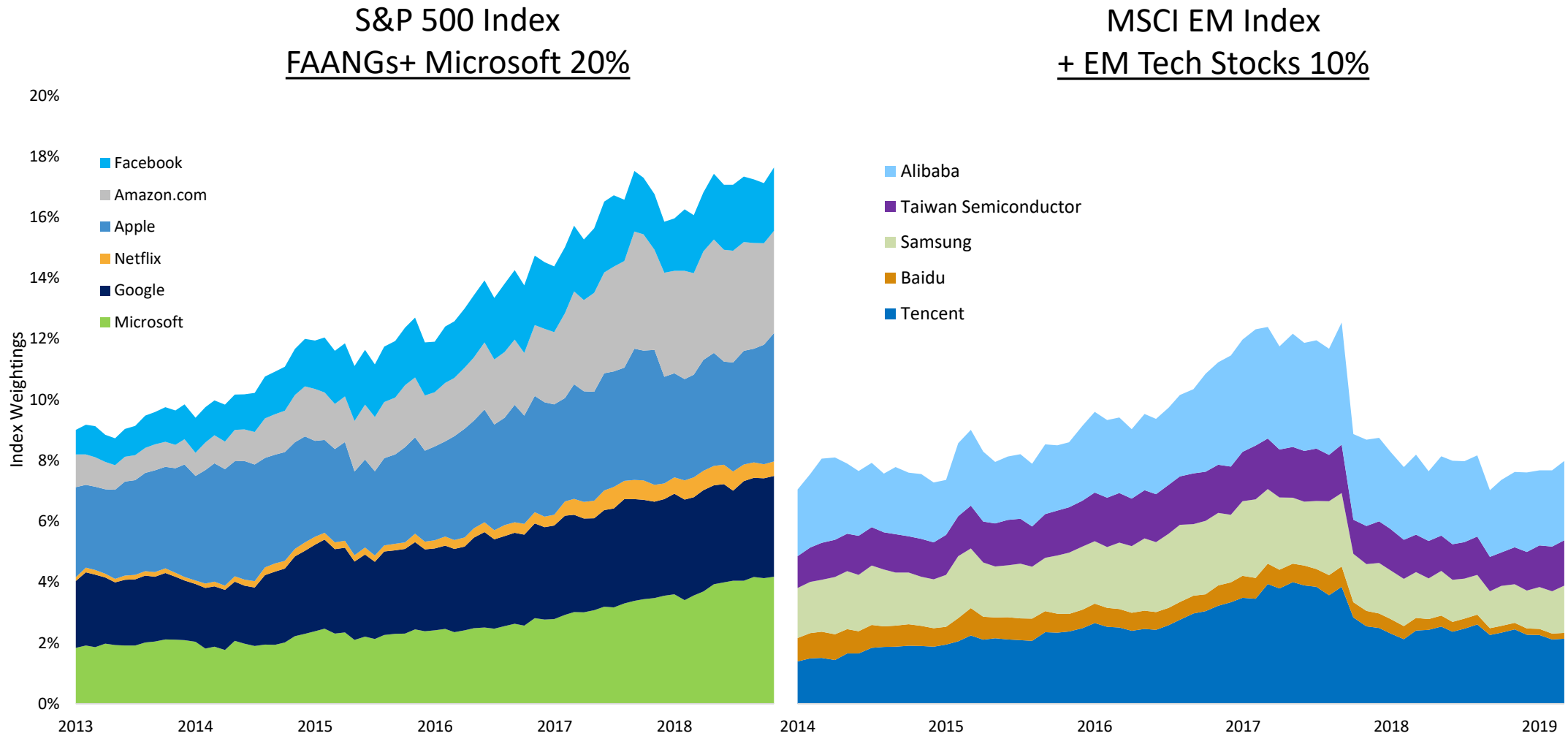
Source: Data sourced from Bloomberg as of 30/07/2019. As of 30/10/2019 the SPX Index had a market cap of \$24.8 Trillion. Apple Market Cap: \$950m, Facebook Market Cap: \$536m, Amazon Market Cap: \$981m, Netflix Market Cap: \$151m, Google Market Cap (combined Alphabet): \$800m and Microsoft Market Cap: \$1.1 trillion. These combined is \$4.52 Trillions or 18.22% of the S&P 500 Index. As of the 30/07/2019 the MSCI EM Index had a market cap of \$12.3 Trillion. Tencent Market Cap: \$327m, Alibaba Market Cap: \$369m, Samsung Market Cap: \$240m, Tawian Semi Market Cap: \$198m and Baidu Market Cap: \$67m. These combined is \$1.2 Trillion or 9.73% of the MSCI EM Index.

Note: Past performance cannot be relied on as a guide to future performance.

# FAANG+



# FAANG+ represent appx. 20% of the S&P 500 & 10% of the MSCI EM Index

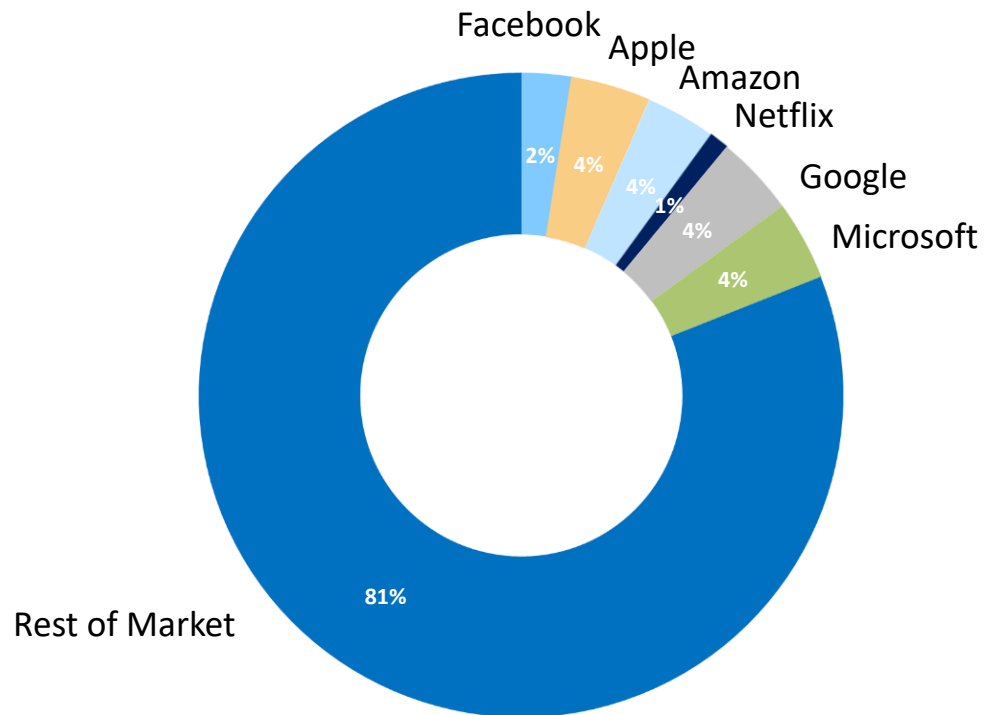


Source: Data sourced from Bloomberg as of 30/07/2019. As of 31/10/2019 the SPX Index had a market cap of \$26.1 Trillion. Apple Market Cap: \$1.1trillion, Facebook Market Cap: \$700m, Amazon Market Cap: \$981m, Netflix Market Cap: \$151m, Google Market Cap (combined Alphabet): \$800m and Microsoft Market Cap: \$1.09 trillion. These combined is \$4.62 Trillions or 20.95% of the S&P 500 Index. As of the 30/07/2019 the MSCI EM Index had a market cap of \$12.3 Trillion. Tencent Market Cap: \$327m, Alibaba Market Cap: \$369m, Samsung Market Cap: \$240m, Tawian Semi Market Cap: \$198m and Baidu Market Cap: \$67m. These combined is \$1.2 Trillion or 9.73% of the MSCI EM Index.

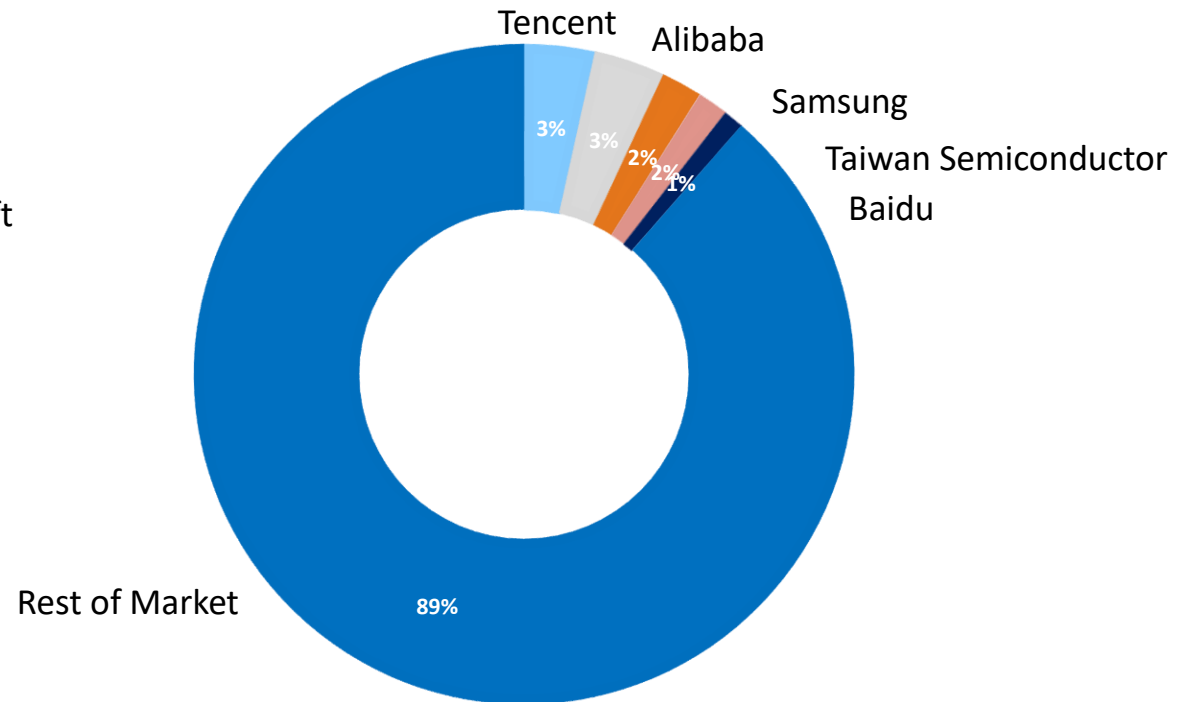
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# FAANG+ holdings in S&P 500 & MSCI EM Index

S&P 500 Index Weighting 20%



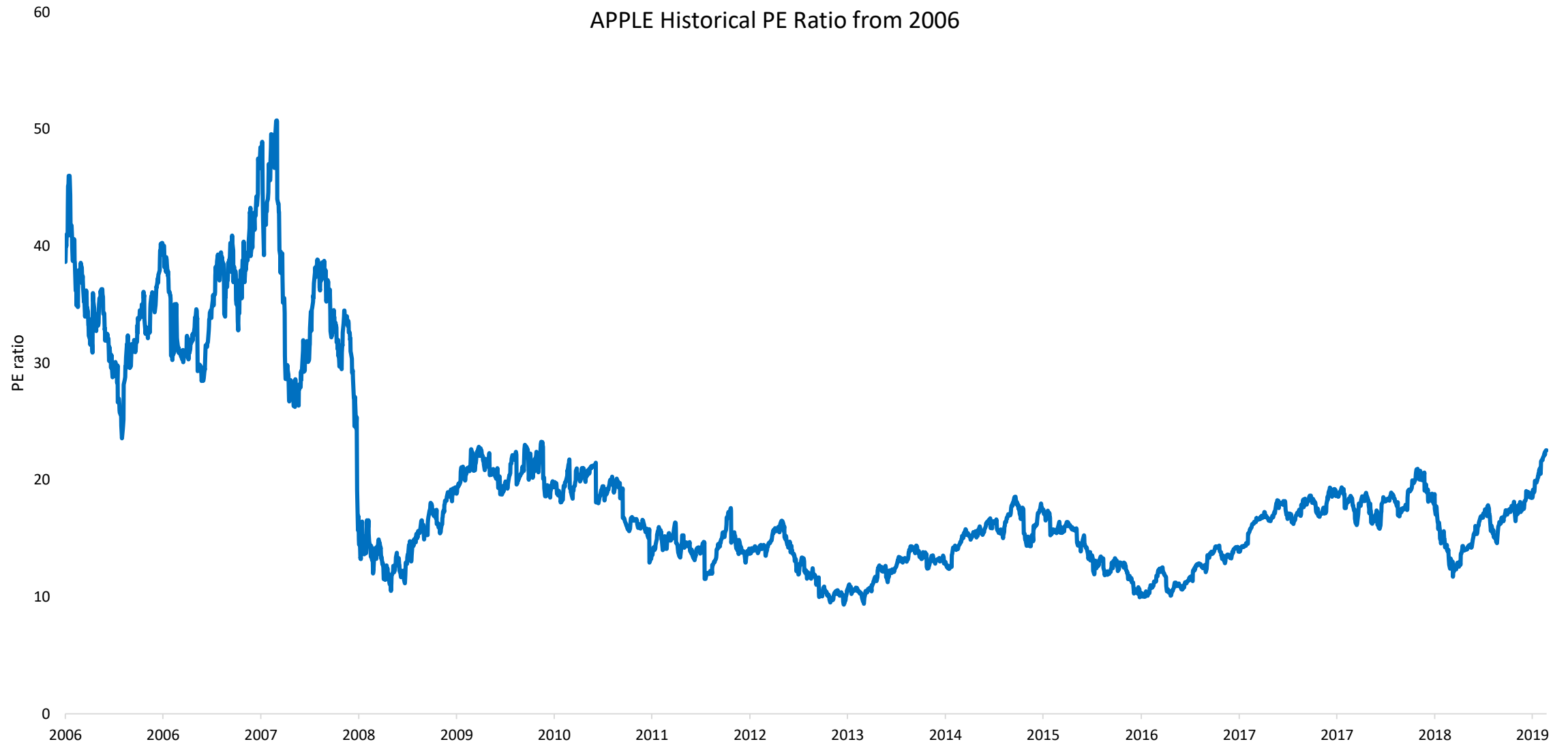
MSCI EM Index Weighting 10%



Source: Data sourced from Bloomberg as of 30/07/2019. As of 31/10/2019 the SPX Index had a market cap of \$26.1 Trillion. Apple Market Cap: \$1.1trillion, Facebook Market Cap: \$700m, Amazon Market Cap: \$981m, Netflix Market Cap: \$151m, Google Market Cap (combined Alphabet): \$800m and Microsoft Market Cap: \$1.09 trillion. These combined is \$4.62 Trillions or 20.95% of the S&P 500 Index. As of the 30/07/2019 the MSCI EM Index had a market cap of \$12.3 Trillion. Tencent Market Cap: \$327m, Alibaba Market Cap: \$369m, Samsung Market Cap: \$240m, Tawian Semi Market Cap: \$198m and Baidu Market Cap: \$67m. These combined is \$1.2 Trillion or 9.73% of the MSCI EM Index.

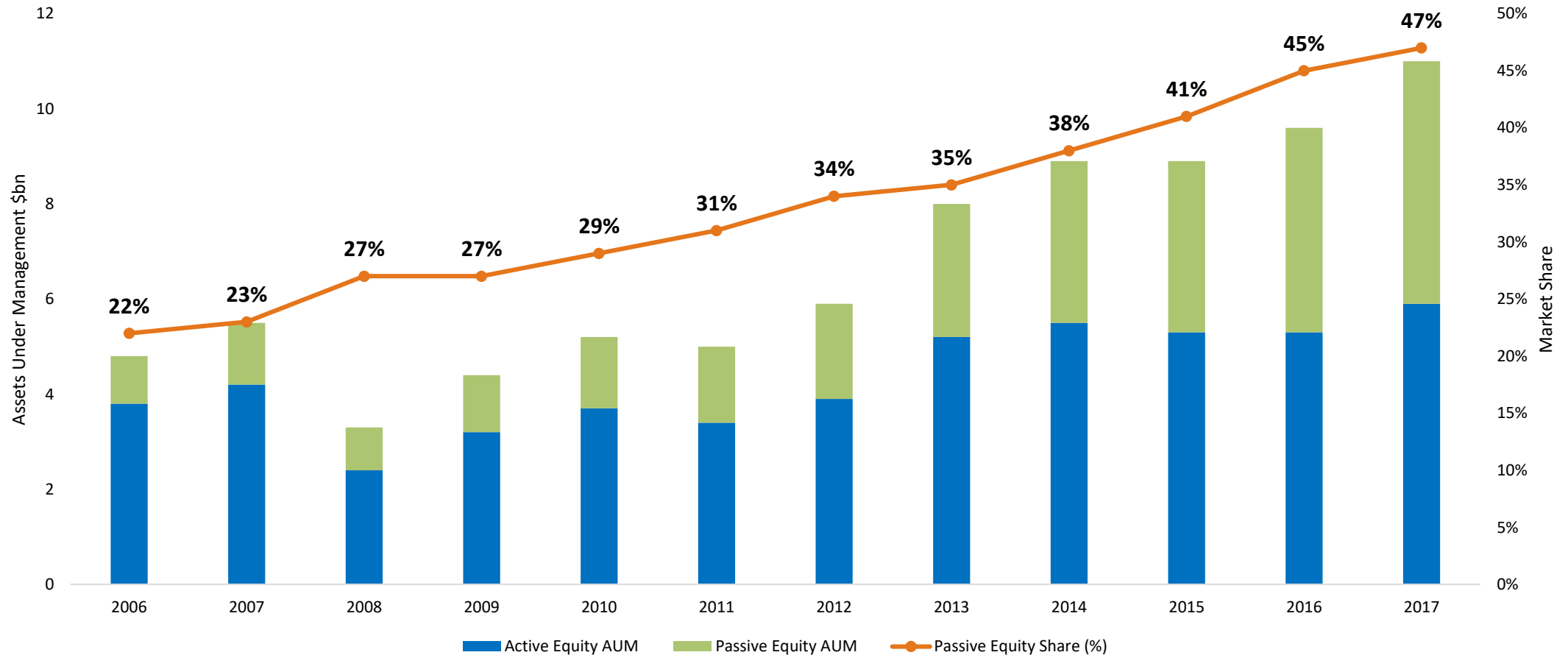
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# Price/Earnings Multiples Have Come Down



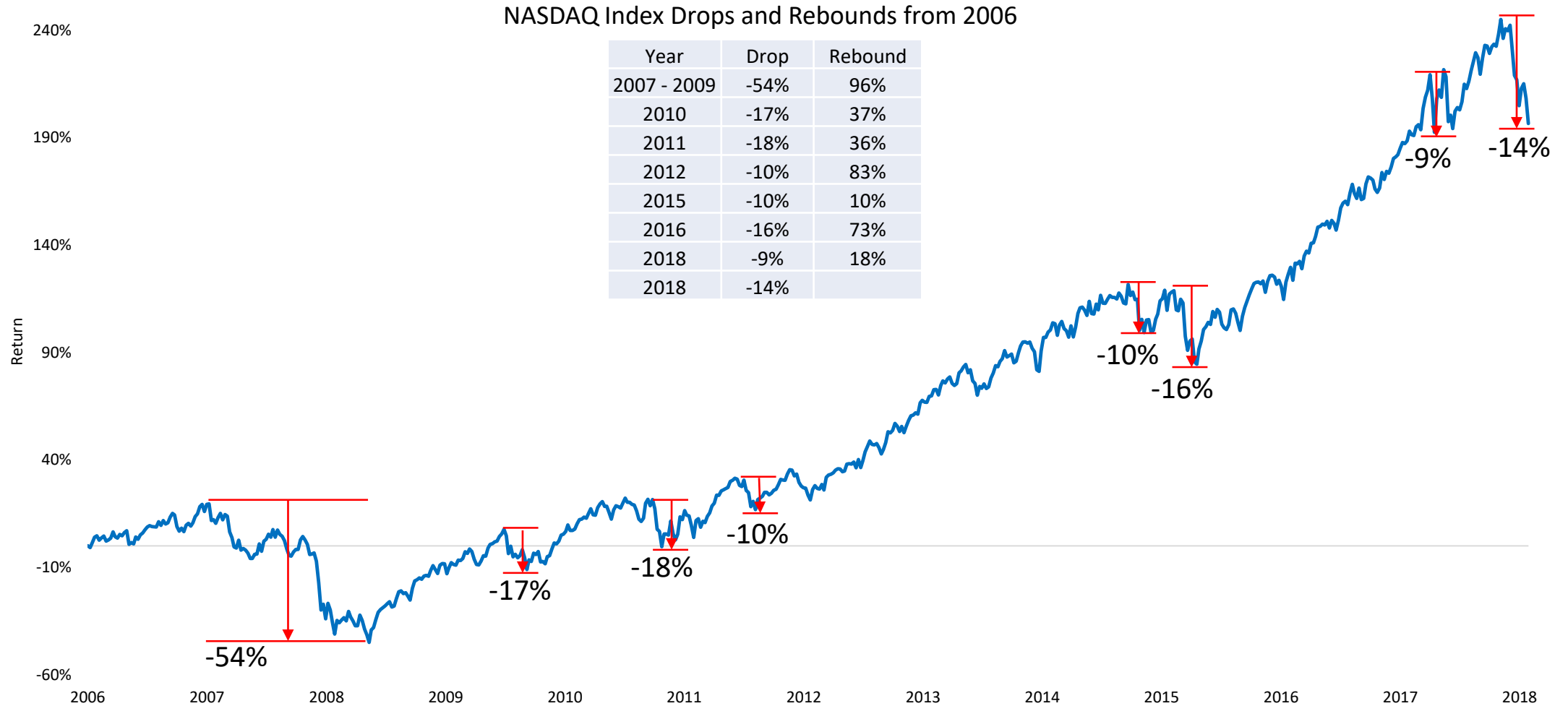
Source: Data sourced from Bloomberg 02/01/2006 – 19/11/2019. Chart by Castlestone Management  
Note: Past performance cannot be relied on as a guide to future performance.

# Active & Passive Equity AUM and Market Share



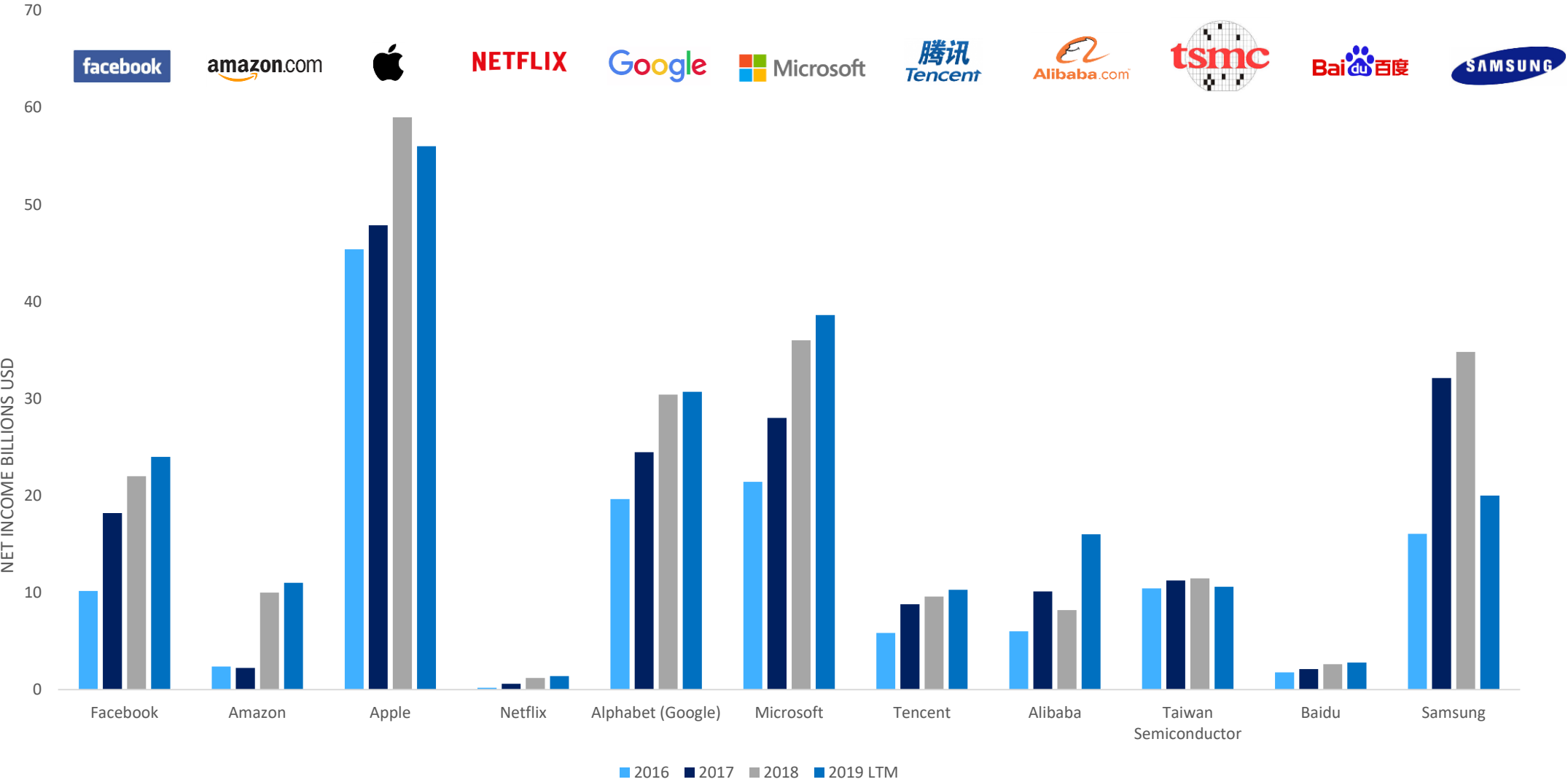
Source: Data sourced from CNBC— as at 08/11/2017 - [www.cnbc.com](http://www.cnbc.com) "ETF wars heat up as more asset managers try to compete"  
 Note: Past performance cannot be relied on as a guide to future performance.

# NASDAQ Index Drops Met By Rebounds





# FAANG+ Net Income



Source: Data sourced from Bloomberg as of 19/11/2019. Chart by Castlestone Management  
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# Q4 FAANG+ Portfolio

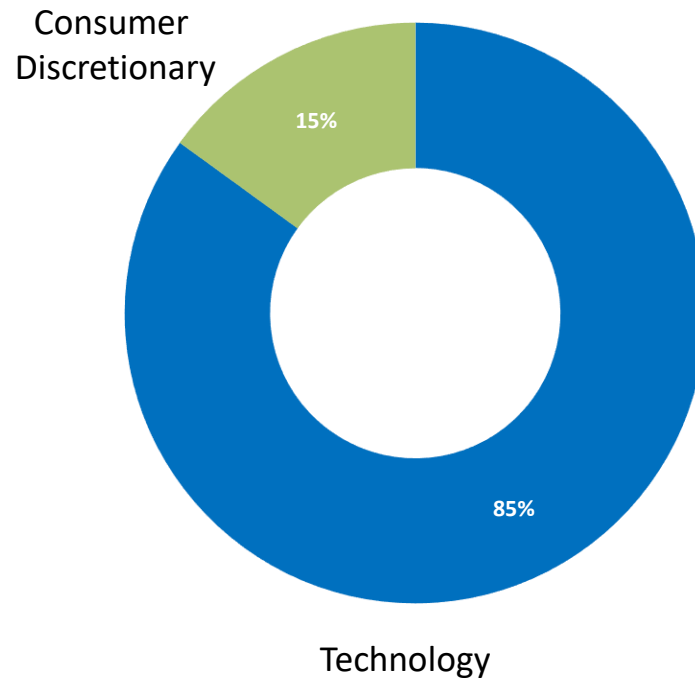
Ticker	Name	% Holdings	Dividend Net Yield	Mkt Cap Billions \$	Industry Sector	Country	Subgroup Sector
AMZN US Equity	AMAZON.COM INC	7.52%	0.00%	\$955.98	Communications	US	Communications
NFLX US Equity	NETFLIX INC	7.50%	0.00%	\$144.35	Communications	US	Communications
FB US Equity	FACEBOOK INC-CLASS A	7.77%	0.00%	\$571.82	Communications	US	Communications
GOOG US Equity	ALPHABET INC-CL C	7.53%	0.00%	\$870.63	Communications	US	Communications
BABA US Equity	ALIBABA GROUP HOLDING-SP ADR	4.05%	0.00%	\$461.59	Communications	CH	Communications
TCEHY US Equity	TENCENT HOLDINGS LTD-UNS ADR	4.00%	0.24%	\$452.15	Communications	CH	Communications
CSCO US Equity	CISCO SYSTEMS INC	3.50%	2.47%	\$242.52	Communications	US	Communications
JD US Equity	JD.COM INC-ADR	1.00%	0.00%	\$46.40	Communications	CH	Communications
TWTR US Equity	TWITTER INC	2.51%	0.00%	\$31.94	Communications	US	Communications
BIDU US Equity	BAIDU INC - SPON ADR	4.50%	0.00%	\$40.17	Communications	CH	Communications
<b>Total Communications</b>		<b>49.87%</b>					
V US Equity	VISA INC-CLASS A SHARES	3.87%	0.55%	\$363.17	Financial	US	Financial
MA US Equity	MASTERCARD INC - A	3.38%	0.47%	\$286.84	Financial	US	Financial
<b>Total Financials</b>		<b>7.26%</b>					
AAPL US Equity	APPLE INC	7.49%	1.48%	\$959.78	Technology	US	Technology
MSFT US Equity	MICROSOFT CORP	3.98%	1.31%	\$1,075.06	Technology	US	Technology
TSM US Equity	TAIWAN SEMICONDUCTOR ADR	3.99%	2.33%	\$226.53	Technology	TA	Technology
SMSN LI Equity	SAMSUNG ELECTR-GDR	4.00%	2.32%	\$236.52	Technology	SK	Technology
INTC US Equity	INTEL CORP	3.50%	2.38%	\$234.75	Technology	US	Technology
IBM US Equity	INTL BUSINESS MACHINES CORP	4.00%	4.30%	\$133.50	Technology	US	Technology
ORCL US Equity	ORACLE CORP	3.98%	1.64%	\$195.15	Technology	US	Technology
AVGO US Equity	BROADCOM INC	3.45%	3.52%	\$119.86	Technology	US	Technology
TSLA US Equity	TESLA INC	1.54%	0.00%	\$39.86	Consumer, Cyclical	US	Consumer, Cyclical
TXN US Equity	TEXAS INSTRUMENTS INC	3.44%	2.40%	\$120.49	Technology	US	Technology
NVDA US Equity	NVIDIA CORP	3.49%	0.36%	\$106.86	Technology	US	Technology
<b>Total Technology</b>		<b>42.87%</b>					
<b>TOTAL</b>		<b>100.00%</b>	<b>1.12%</b>	<b>\$344.17</b>			

Source: Data sourced from Bloomberg as of 19/11/2019. Table by Castlestone Management.

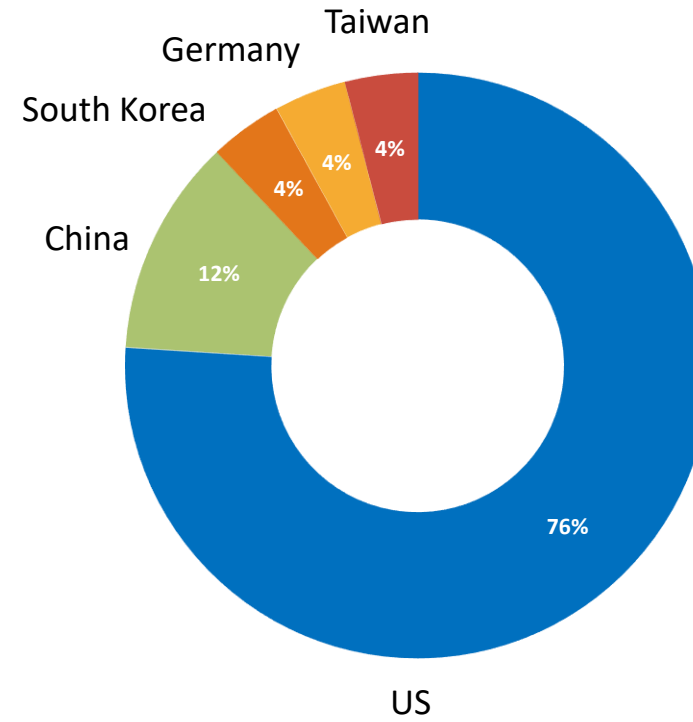
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# Q4 FAANG+ Portfolio

Sector Breakdown

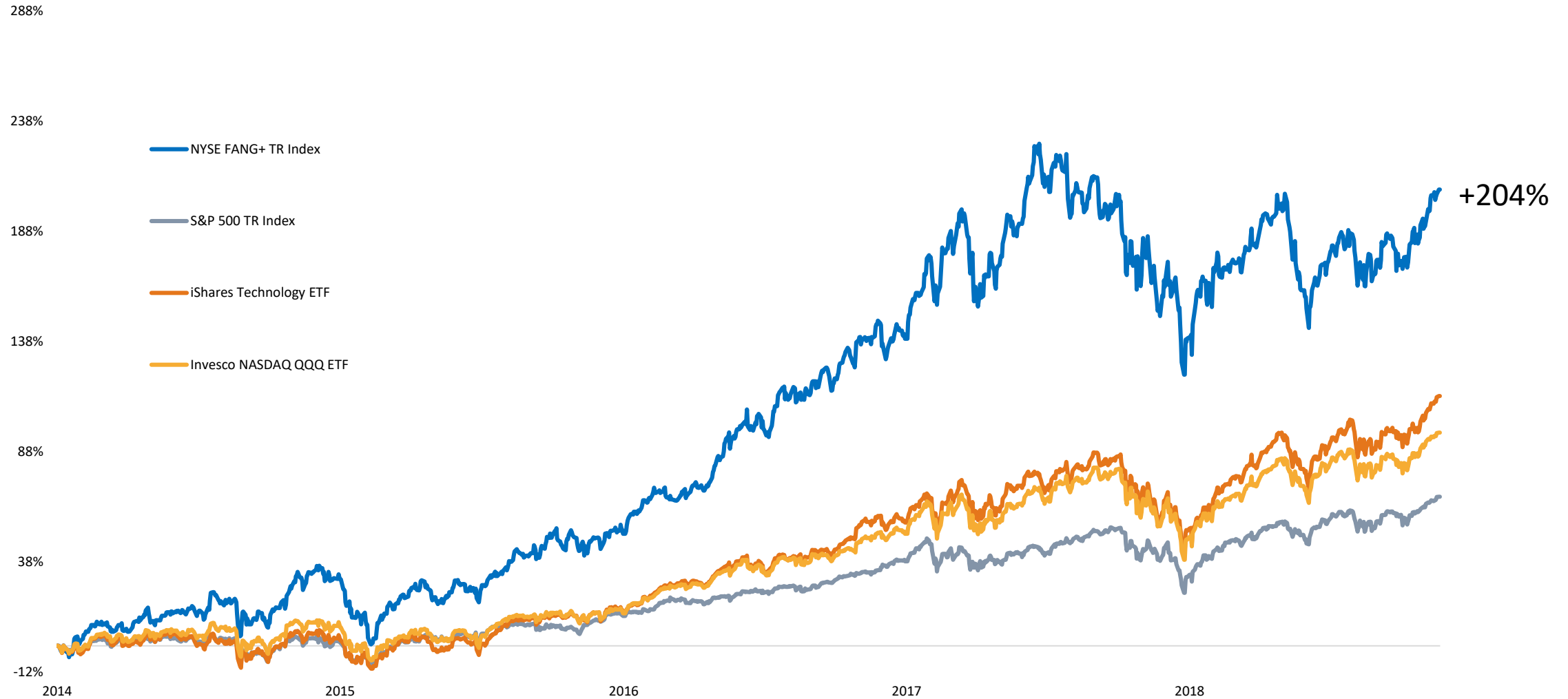


Geographic Breakdown



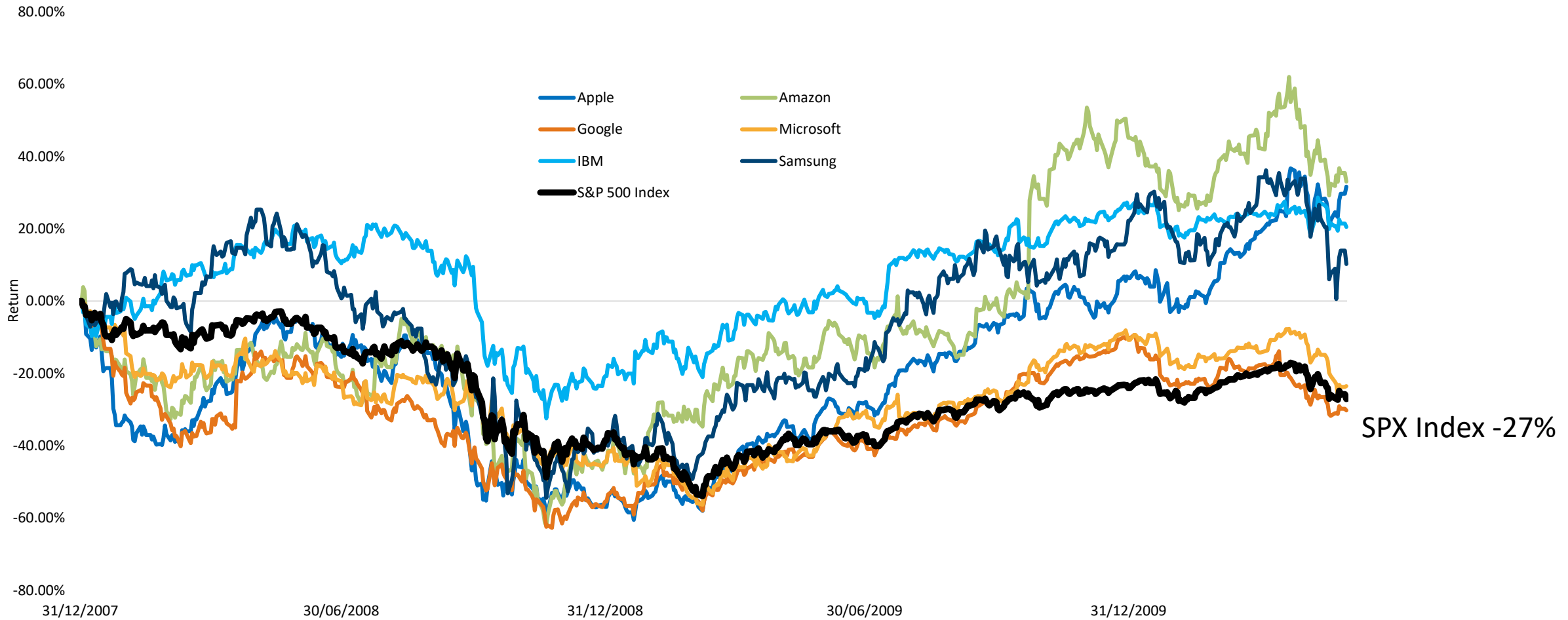
Source: Data sourced by Bloomberg as of 19/11/2019. Image by Castlestone Management.  
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# NYSE FANG+ Index Performance



Source: Data sourced from Bloomberg 19/09/2014 to 19/11/2019. Chart by Castlestone Management  
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# Tech Stock Performance During GFC 2007-2010

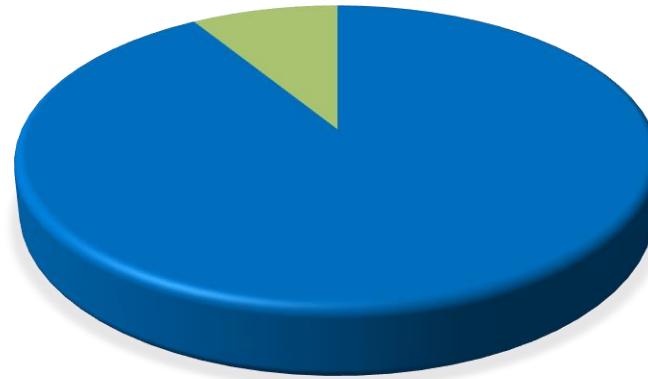


# Global Stock Market Capitalisation (S&P 500 Index & MSCO World Index)

FAANG+ Stocks make up appx. 10% of the global stock market\*

Global Stock Market Capitalisation  
\$76,073,959m

FAANG+ Market Capitalisation  
\$8,125,297m



\*As of 19/11/2019 the global stock market capitalization (S&P 500 & MSCI World Index) was \$76.07 Trillion. The total market capitalization of the FAANG+ portfolio is \$8.12 Trillion.  $\$8.12/\$76.07 = 10.67\%$

# FAANG+

- FAANG+ stocks represent the possibility of higher growth focusing on the technology sector
- Inflows/allocation to Passive & Index Funds have increased from 22% in 2006, to 47% in 2017 (slide 7)
- FAANG Stocks and Microsoft represent approximately 20% of the S&P 500 Index (slides 4 & 5)
- The “+” EM tech stocks represent appx. 10% of the MSCI EM Index (slides 4 & 5)
- FAANG+ represent approximately 10%\* of world equity exposure: Of every \$100 invested into tracker global equity funds, approx. \$10 is invested into FAANG+ stocks

\*As of 19/11/2019 the global stock market capitalization (S&P 500 & MSCI World Index) was \$76.07 Trillion. The total market capitalization of the FAANG+ portfolio is \$8.12 Trillion.  $\$8.12/\$76.07 = 10.67\%$

# Disclaimer

Note: **Disclaimer: This document is intended for and directed at investment professionals and not intended for retail customers. Persons who do not have professional experience in matters relating to investment should not rely on this document.**

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