

CASTLESTONE  
MANAGEMENT



AQA  
CAPITAL

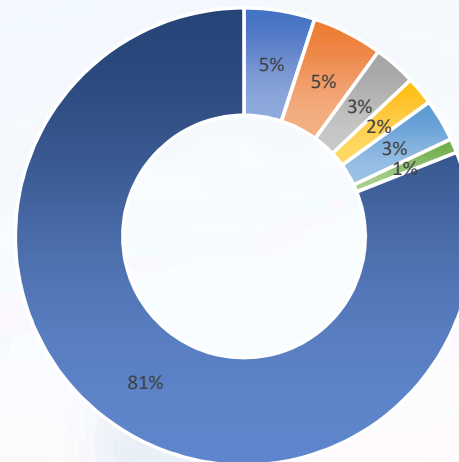


FAANG+

Castlestone FAANG+ UCITS Fund  
Q1 2020

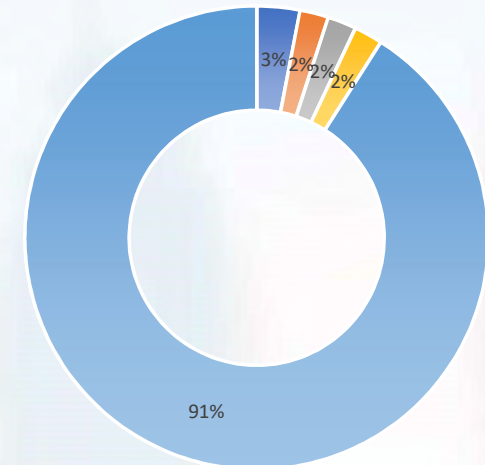
## FAANG+ holdings in S&P 500 & MSCI EM Index

S&P 500 Index Weighting 20%



■ Apple 5%  
■ Microsoft 5%  
■ Amazon 3%  
■ Facebook 2%  
■ Google 3%  
■ Netflix 1%  
■ Rest of the Market 81%

MSCI EM Index Weighting 9%



■ Alibaba 3%  
■ Taiwan 2%  
■ Samsung 2%  
■ Tencent 2%  
■ Rest of the Market 91%

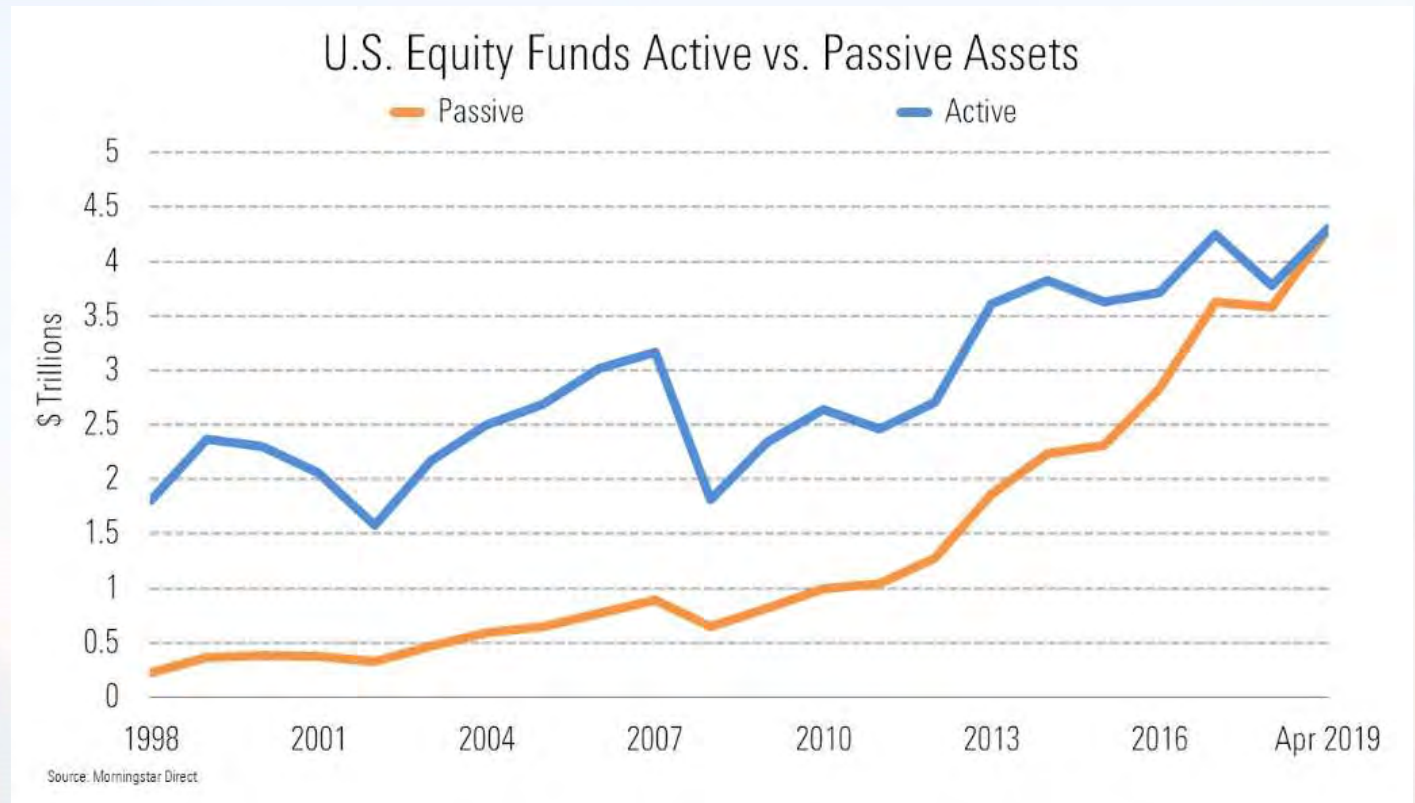
- The popularity of Index funds and ETF's has increased in recent years.
- FAANG+ represent approximately 20% of the S&P and 9% of the MSCI Emerging Markets Index. So approximately \$20 of every \$100 dollars added to the S&P and approximately \$9 of every \$100 dollars in the MSCI EM Index, goes into FAANG+ Stocks.
- FAANG+ represent approximately 11% of world equity exposure: Of every \$100 invested into tracker global equity funds, approx. \$11 is invested into FAANG+ stocks

Source: Data sourced from Bloomberg as of 31/12/2019. Note: Past performance cannot be relied on as a guide to future performance.



# Changes in Active and passive managed funds

- Passively managed funds have closed the gap and will likely surpass actively managed funds.
- Inflows/allocation to Passive & Index Funds have increased from 22% in 2006, to 47.7% in 2018
- This shift to passive management will likely add to the amount of money flowing into Index funds.



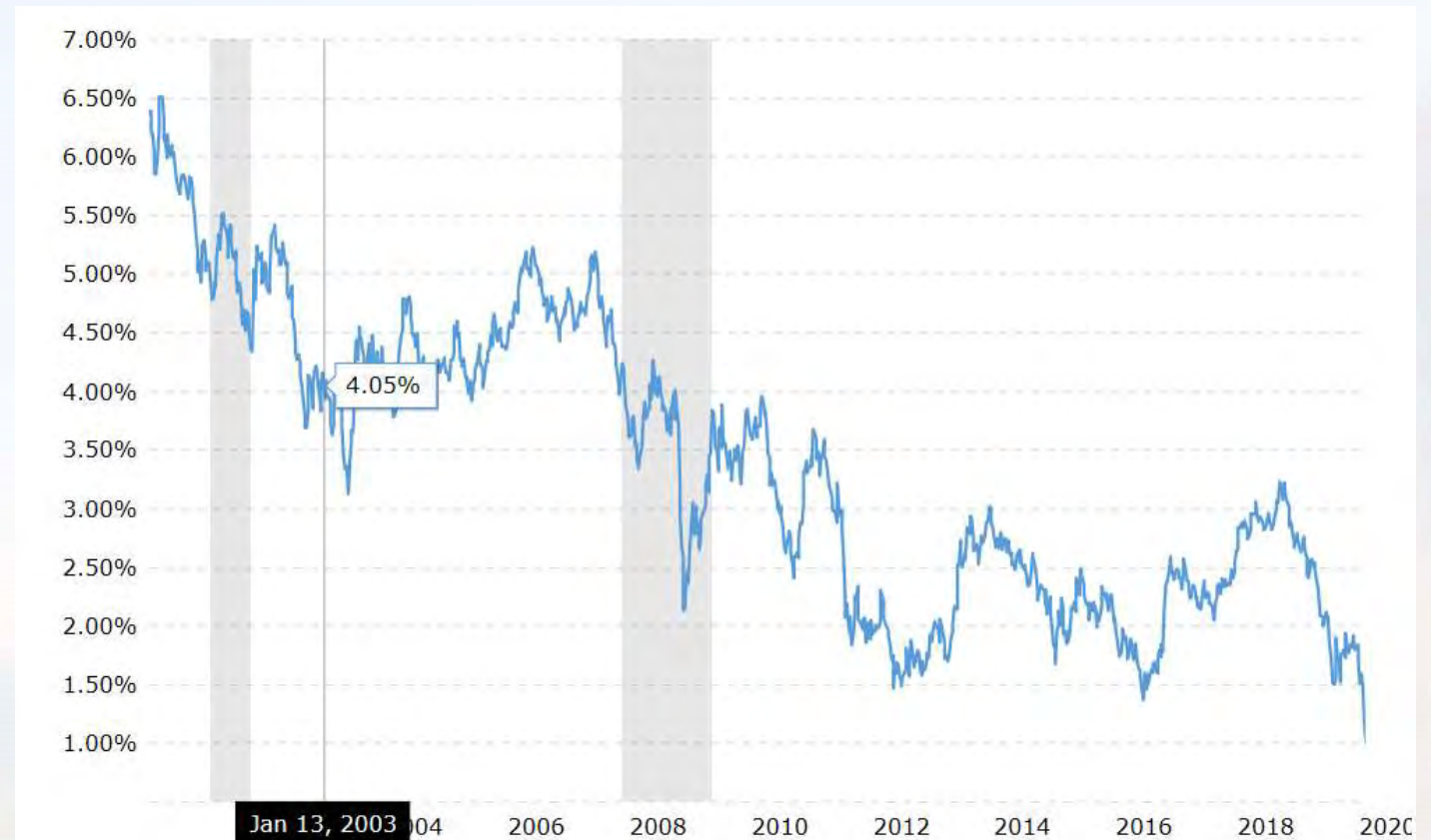
# NASDAQ SARS market reaction



Source: Data sourced from Bloomberg chart by Castlestone Management  
Note: Past performance cannot be relied on as a guide to future performance.

# 10 Year Treasury Rate, SARS and Coronavirus comparison.

- Equity markets pulled back as the SARS virus spread (slide 4)
- Treasury yields during the 2002/2003 time frame were in the 4% range.
- Treasury yields currently are near 1%. (coronaviral flight to safety).
- As equity markets fall during the current coronavirus crisis investors have a far less attractive yield to shift into.
- In other words, the real return is better in equities than bonds



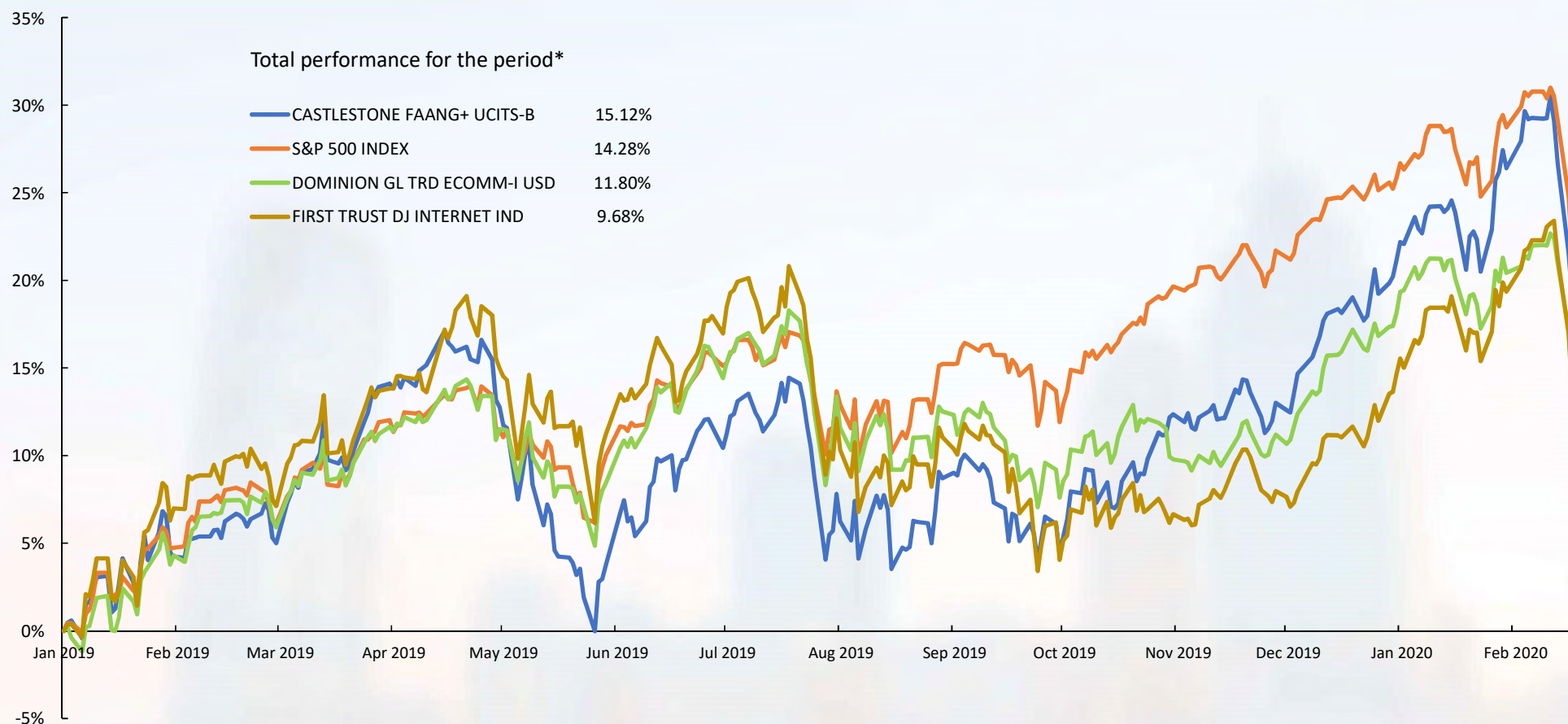
Source: Macrotrends.net

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



## Castlestone FAANG+ UCITs performance since inception

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Source: Data sourced from Bloomberg 09/01/2019 to 28/02/2020\*. Chart by Castlestone Management

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



➤ **Cloud**

Microsoft and IBM are established leaders in the cloud space.

➤ **Advertising**

Google is the leading search engine with a controlling position in advertising.

➤ **Entertainment**

Netflix is changing the way people view TV and movies.

➤ **Social Collaboration**

FB and Twitter are dominate in the social media space.

➤ **Shared Economy**

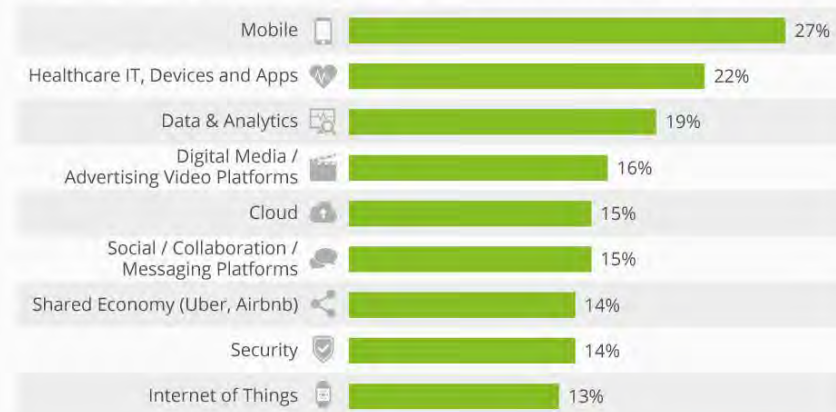
Tesla is the leader in electric vehicles

➤ **Internet of Things**

Every company with the exception of Mastercard, Visa and Tesla derive an important revenue stream from the Internet.

### The Biggest Growth Drivers in the Tech Industry

Expected revenue growth drivers over the next 24 months (% of respondents)



Based on a survey of 111 tech industry executives in the United States  
Source: KPMG



# March 2020 FAANG+ Portfolio

Ticker	Name	% Holdings	Dividend Net Yield	Option Yield Income - 30 Day	Option Yield Income - Annual	Mkt Cap Billions \$	Industry Sector	Country	Subgroup Sector	Return
AMZN US Equity	AMAZON.COM INC	7.46	0.00	-	-	\$978.57	Communications	US	Internet & Direct Marketing Re	0.00%
BABA US Equity	ALIBABA GROUP HOLDING-SP ADR	4.00	0.00	-	-	\$567.32	Communications	CN	Internet & Direct Marketing Re	0.00%
BIDU US Equity	BAIDU INC - SPON ADR	3.90	0.00	-	-	\$41.97	Communications	CN	Interactive Media & Services	0.00%
CSCO US Equity	CISCO SYSTEMS INC	3.89	3.49	-	-	\$174.77	Communications	US	Communications Equipment	3.49%
FB US Equity	FACEBOOK INC-CLASS A	7.24	0.00	-	-	\$542.73	Communications	US	Interactive Media & Services	0.00%
JD US Equity	JD.COM INC-ADR	1.09	0.00	-	-	\$63.53	Communications	CN	Internet & Direct Marketing Re	0.00%
NFLX US Equity	NETFLIX INC	7.28	0.00	-	-	\$167.75	Communications	US	Movies & Entertainment	0.00%
TCEHY US Equity	TENCENT HOLDINGS LTD-UNS ADR	3.50	0.25	-	-	\$489.78	Communications	CN	Interactive Media & Services	0.25%
TWTR US Equity	TWITTER INC	2.61	0.00	-	-	\$28.08	Communications	US	Interactive Media & Services	0.00%
<b>Total Communications</b>		<b>40.98</b>								0.00%
TSLA US Equity	TESLA INC	1.53	0.00	-	-	\$135.96	Consumer Discretionary	US	Automobile Manufacturers	0.00%
<b>Total Consumer Discretionary</b>		<b>1.53</b>								0.00%
MA US Equity	MASTERCARD INC - A	3.58	0.53	-	-	\$303.29	Financials	US	Data Processing & Outsourced S	0.53%
V US Equity	VISA INC-CLASS A SHARES	4.13	0.62	-	-	\$379.90	Financials	US	Data Processing & Outsourced S	0.62%
<b>Total Financials</b>		<b>7.71</b>								0.00%
AAPL US Equity	APPLE INC	7.89	1.03	-	-	\$1,314.74	Technology	US	Technology Hardware, Storage &	1.03%
AVGO US Equity	BROADCOM INC	3.45	0.00	-	-	\$113.54	Technology	US	Semiconductors	0.00%
GOOG US Equity	ALPHABET INC-CL C	7.49	0.00	-	-	\$946.95	Technology	US	Interactive Media & Services	0.00%
IBM US Equity	INTL BUSINESS MACHINES CORP	3.81	4.85	-	-	\$118.68	Technology	US	IT Consulting & Other Services	4.85%
INTC US Equity	INTEL CORP	3.96	2.26	-	-	\$249.82	Technology	US	Semiconductors	2.26%
MSFT US Equity	MICROSOFT CORP	4.03	1.21	-	-	\$1,283.98	Technology	US	Systems Software	1.21%
NVDA US Equity	NVIDIA CORP	3.70	0.23	-	-	\$171.97	Technology	US	Semiconductors	0.23%
ORCL US Equity	ORACLE CORP	3.81	1.91	-	-	\$161.38	Technology	US	Systems Software	1.91%
SMSN LI Equity	SAMSUNG ELECTR-GDR REG S	4.03	2.51	-	-	\$286.79	Technology	KR	Technology Hardware, Storage &	2.51%
TSM US Equity	TAIWAN SEMICONDUCTOR-SP ADR	4.13	2.93	-	-	\$295.14	Technology	TW	Semiconductors	2.93%
TXN US Equity	TEXAS INSTRUMENTS INC	3.47	3.03	-	-	\$111.08	Technology	US	Semiconductors	3.03%
<b>Total Technology</b>		<b>49.78</b>								
<b>TOTAL</b>		<b>100%</b>	<b>1.24</b>							<b>1.08%</b>

Source: Data sourced from Bloomberg as of 28/02/2020. Table by Castlestone Management.

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





### 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 is included in 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. 14% 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. 18% 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 31/12/2019. As of 31/12/2019 the SPX Index had a market cap of \$27.8 Trillion. Apple Market Cap: \$1,304m, Facebook Market Cap: \$585m, Amazon Market Cap: \$981m, Netflix Market Cap: \$140m, Google Market Cap (combined Alphabet): \$923m and Microsoft Market Cap: \$1.2 trillion. These combined is \$5.08 Trillion or 18% of the S&P 500 Index. As of the 31/12/2019 the MSCI EM Index had a market cap of \$18.4 Trillion. Tencent Market Cap: \$458m, Alibaba Market Cap: \$569m, Samsung Market Cap: \$285m, Taiwan Semi Market Cap: \$301m and Baidu Market Cap: \$43m. These combined is \$1.65 Trillion or 9% of the MSCI EM Index. Note: Past performance cannot be relied on as a guide to future performance.

# 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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