Cantor Fitzgerald Technology Fund

FACTSHEET

31st DECEMBER 2024

Fund Objective: The Cantor Fitzgerald Technology Fund is a specialist investment vehicle that focuses on the Technology, Media, Telecommunications and other dynamic growth sectors. Over the long term, we believe that technology will continue to be an important driver of global economic growth and equity market return.

The Fund promotes a range of environmental and social characteristics, and is categorised as Article 8 in accordance with SFDR.

FUND MANAGER

Diarmaid Colreavy

FUND KEY FEATURES

Fund Type	Equity
Bid/Offer Spread	None
Launch date	21.12.1994
Base Currency	EUR
Liquidity	Daily
Volatility*	39.6%
Benchmark	MSCI ACWI Tech Index
SFDR	Article 8

ESMA Risk Rating

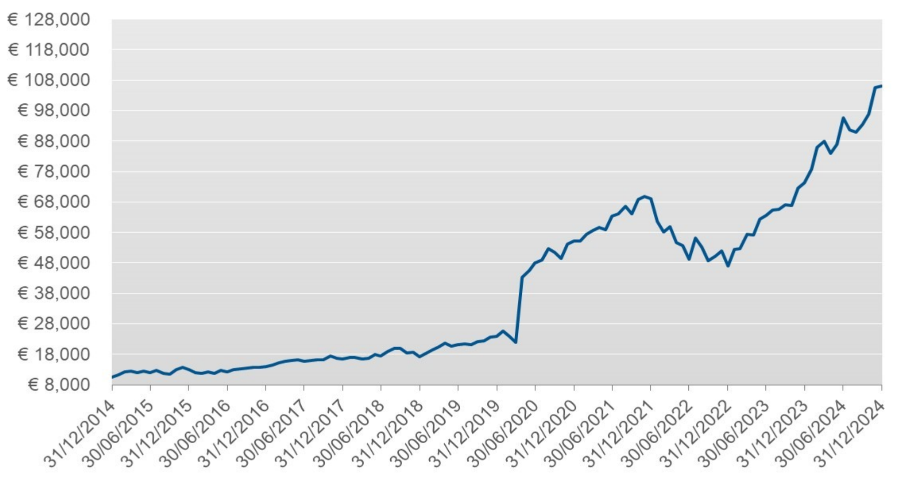
Lower Risk — Higher Risk

1	2	3	4	5	6	**7**

Source: Cantor Fitzgerald Asset Management

**'Volatility' on a risk scale of 1 to 7, with level 1 being generally low risk and level 7 being generally high risk. The volatility is measured from past returns over a period of five years using weekly and monthly data where applicable. Prior to making an investment decision, you should talk to your financial advisor or broker in relation to the risk profile most suitable for you.*

GROWTH OF €10,000 OVER THE LAST 10 YEARS



PERFORMANCE UPDATE AT 31.12.2024

	1 Month	3 Months	6 Months	1 Year	3 Years P.A.	5 Years P.A.	10 Years P.A.	15 Years P.A.
Cantor Fitzgerald Technology Fund	0.5%	13.9%	10.9%	42.8%	13.5%	33.4%	25.4%	22.1%
MSCI ACWI Technology Index	3.1%	12.3%	9.2%	40.7%	14.7%	22.5%	21.0%	19.4%

Source: CFAM, Bloomberg and MoneyMate 31.12.2024

**Performance figures are quoted gross of management fees (1.50%)*

ANNUAL RETURNS

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
19.7%	24.5%	2.6%	17.8%	4.6%	40.1%	129.8%	25.7%	-32.0%	50.6%

Source: Cantor Fitzgerald Asset Management

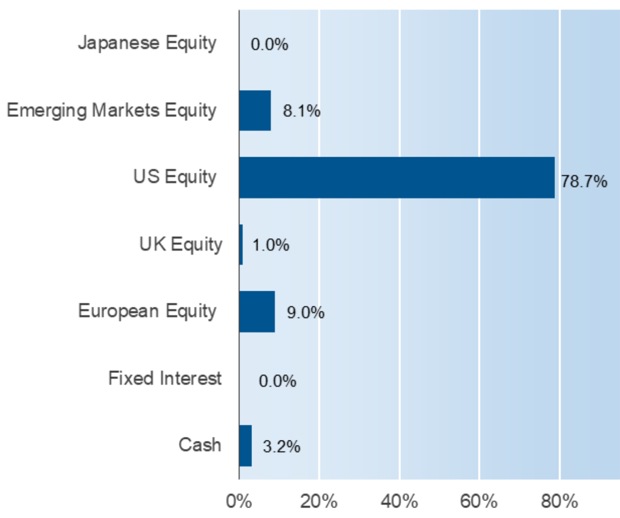
WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment may go down as well as up.

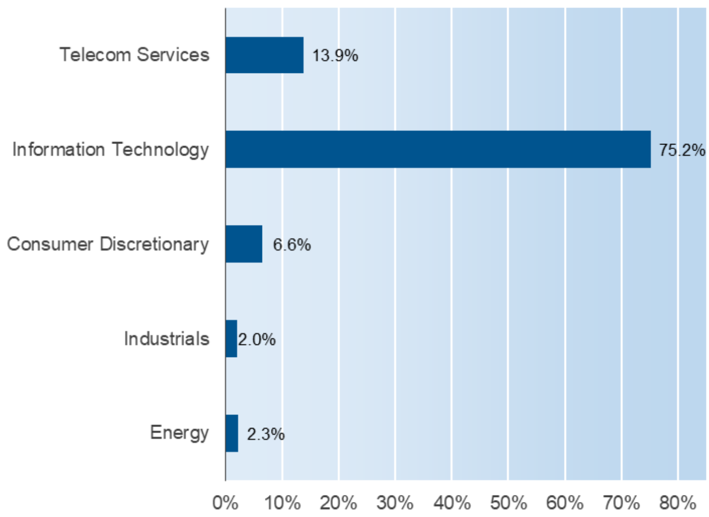
Cantor Fitzgerald Asset Management Europe Limited (trading as Cantor Fitzgerald Asset Management) is regulated by the Central Bank of Ireland.

HOLDINGS

Asset Allocation



Sector Exposure



Please refer to our Monthly Market Update for the latest details on strategy and outlook from the investment team.

Technology Fund Q4 2024 The fund closed the year up 43%, outperforming the NASDAQ by 8% and marginally ahead of MSCI World Tech.

Stock selection in Software and allocation (being active in moving over and underweight at key periods) and stock selection in semis were key drivers of performance.

At a single stock level overweight positions in META and AXON lead the way, key software contributors included ServiceNow, Salesforce, AXON and, while TSM, MRVL and interconnect names (ALAB, CRDO) lead the way. All the above names had one thing in common –being in the AI winner bucket (for now anyway).

Key detractors included memory names Samsung (reminder that the traditional value trade in tech is usually the wrong call) & ONTO, MDB, ESTC & DDOG - a couple of sub-optimally managed GTM changes in a sluggish cloud environment), IFX & QCOM - a tough year for semis not exposed to AI datacentres, the SOX marginally underperformed the S&P. It was again an extremely strong year for tech with only 3 down months and one >10% drawdown in July, albeit it was a violent one. It was a tale of two halves, the first half of the year was all about the AI infrastructure layer, with several semi names up >100% on the back if huge upgrades. In a repeat of 2023, the back half of the year was choppier for big tech and the AI posterchild's as we got a rotation into interconnect names within the AI stack and a broadening out into software and midcaps – a more dovish Fed and a Trump victory (pro business cabinet appointments, deregulation key) boosted sentiment. Names that were able to demonstrate early use cases and monetisation paths for AI were rewarded.

After a brief moment in the sun, hopes for a China tech renaissance faded on a mix of geopolitics and the realisation that Chinese policymakers are for now aiming to put a floor in growth, without introducing the "bazooka" of stimulus measures that was initially being mooted.

Outlook: "The consequences of AI are as profound as what occurred in 1880 when Thomas Edison patented the electric light bulb." Blackstone's CEO claimed this year, a sentiment we have picked up from many grizzled CEOs who have been around for several technology paradigm shifts. Just as the internet sparked an information revolution and the mobile + cloud era sparked an unprecedented level of consumer convenience, AI through the mass production of intelligence, can spark an efficiency revolution.

The coming year, and beyond, will remain centered around this theme –the market attempting to decide the winners (disruptors), and losers (disrupted), often in quite erratic fashion - Adobe has flipped flopped for the AI winner to AI loser buckler on multiple occasions already. Key questions investors are considering into 2025 revolve around the sustainability of AI infrastructure spend and scaling laws, and at what point does value shift up the tech stack from hardware to software.

Regarding scaling – the concern is that scaling laws don't hold up, the idea that adding more compute no longer brings the requisite benefit to LLMs (based on benchmarks such as MMLU), ending the current capex wave. While in the long run the breakdown of scaling laws is likely how the capex boom ends, we think it is premature to believe we have reached this point, given the potential in video data, synthetic data improvements and the emergence of inference time scaling.

Technology Fund Q4 2024 While certainly the easy fruit has likely been picked in terms of pre-training on publicly available text data and the raft of reports in late 2024 do suggest a temporary slowdown; the worry that we have essentially run out of data to train feels premature as there is still a trove of untrained data in the form of video which will be particularly important for AI robotics – "The ChatGPT moment for general robotics is just around the corner." Jensen claimed this month. Meanwhile there are recent reports that progress is being made in using synthetic data for training (the effectiveness of which has been debated)– which would suggest scaling can continue.

Inference – time scaling is the idea that you get a better answer by having the computer "think" through the problem. Reasoning Models break the response into a number of steps before answering. It has been shown that the greater the compute spent at inference the better the answer, it's a particularly important development in fields such as maths, science and coding, materially improving model performances. The emergence of this new scaling law with the release of OpenAI o1, suggests demand for compute will be stronger than previously imagined.

While noise around scaling will continue, we will ultimately defer to those closest to the action, those actually deploying the capital: this year GPU training clusters have scaled from 30k GPUs to 100k GPUs with even larger clusters planned for this year, in just the last month Amazon announced major investments in accelerating their ASIC development, planning to provide 400k chips for Anthropic and META announced plans for a 2GW datacentre in Louisiana. In short hyperscalers and AI labs accelerating AI datacentre buildouts do not suggest they see an end to scaling, quite the opposite.

The other concern regarding spending sustainability is the pace of product development and adoption lagging the rapidly improving AI capabilities – i.e. monetisation concerns, on this front it is reasonable to assume that we may be some time away from the "iPhone moment" of generative AI where there is mass adoption on the consumer side, however, we are of the view that the vast majority of AI monetisation in the early years will be through the automation of mundane tasks leading to a corporate efficiency boom via AI agents – "digital workers" that can take decisions and actions to achieve a task with minimal human intervention (key players such as Nvidia and Google already seeing material AI driven internal productivity gains). As such we think the key spenders will see a path to monetisation, even if the large returns on capex are a little over the horizon, as it was with the cloud build out.

"The risk of underinvesting in AI is dramatically greater than the risk of overinvesting" Alphabet CEO told analysts last year. Certainly, it may eventually turn out that there was a level of overspending in hindsight (as has been the case in large capital cycles in every era), but in managements minds the real risk is underspending - the spending is as much defensive as offensive: the penalty for being second is huge as they view this paradigm shift as an existential threat to their future and view having the best AI capabilities as essential.

On the question of when the value shifts up the tech stack to software and applications, we don't feel that this is the right lens to view the opportunity, rather we envisage the disruptors/enablers in both hardware and software doing well together, while legacy companies that fail to innovate will be left behind.

In hardware the leading AI semi names should continue to do well and alongside these we see potential in the emerging memory, networking and connectivity players as AI data centres continue to scale and the memory wall issue is addressed. As ever with semis, and especially with growing retail participation, volatility is to be expected, and active management of positions essential as we saw last summer. For some names the magnitude of upgrades may be smaller than what we have seen over the last 2 years, while other are earlier in their opportunity set but overall, there is still broad scope for solid earnings revisions.

For software, It has been a tough couple of years, having to digest Covid overspend and then a reprioritisation of Enterprise spending as AI emerged, but surveys suggest expectations a better year of spending and expect some early AI monetisation as the year progresses on the productivity side (ServiceNow an early winner here), there will also be opportunities as the AI buildout progresses, below the application layer particularly for the data management platforms (PaaS) that manage unstructured data (SNOW, ESTC).

The considerably more business friendly, Trump administration, with a much-improved regulatory environment, is a tailwind for US software and can lead to a meaningful acceleration in M&A, assuming interest rates stabilise. While in Europe regulatory burdens continue to hinder innovation.

Bigger picture, the landscape for software and consumer internet players has shifted dramatically; running AI is expensive, compute now has a relatively high marginal cost (inferencing) versus very low costs in the previous era. A world of high fixed and variable cost clearly favours larger well capitalised players, it is a difficult set up for smaller challengers. The Hyperscalers themselves (and META) have justifiably led the market and their capital advantage, investments in AI to date, not to mention the core cloud (a wide range of estimates but all suggest >50% of workloads are still on prem) and advertising (seeing material AI benefits) businesses leave them well positioned.

As such there is a rich opportunity set, but with an important caveat; there are times when the market is micro led (company fundamentals) and times when its macro driven. We appear to be entering a macro driven regime, as sticky US inflation, above the Fed's target, calls the cutting cycle into question, tariffs and trade wars are back on the agenda, while the political situation in Europe is murky and hopes for a Chinese recovery have faded for now. Higher interest rates and a stronger USD are clear headwinds. Therefore, we may be in for a volatile start to the year for markets which may provide better entry points for the more growth orientated names as the year progresses. The fund has therefore raised some cash to deploy at better levels.

Want to talk to us about investments? Contact us.

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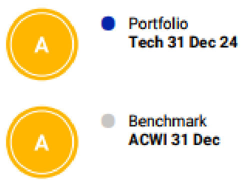
TOP 10 EQUITY HOLDINGS

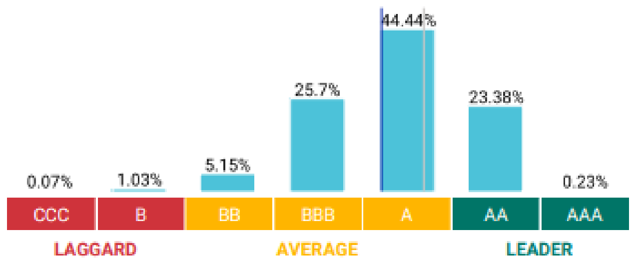
Amazon, 7.0%	Alphabet Inc., 3.7%
Microsoft, 5.9%	Salesforce, 3.5%
Meta, 5.5%	Marvel Tech, 2.6%
Nvidia, 5.3%	Arista Networks, 2.4%
Service Now, 5.3%	Motorola Solutions, 2.4%

RESPONSIBLE INVESTING KEY CHARACTERISTICS

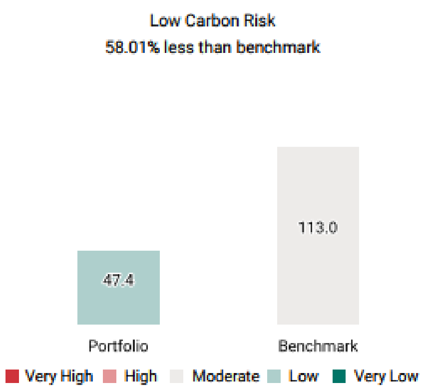
MSCI ESG RATINGS



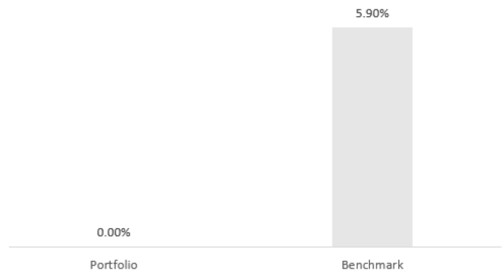
DISTRIBUTION OF MSCI ESG FUND RATINGS UNIVERSE



CARBON



FOSSIL FUEL RESERVES %



Carbon Risk measures exposure to carbon intensive companies. It is based on MSCI CarbonMetrics, and is calculated as the portfolio weighted average of issuer carbon intensity. At the issuer level, Carbon Intensity is the ratio of annual scope 1 and 2 carbon emissions to annual revenue. Carbon Risk is categorized as Very Low (0 to <15), Low (15 to <70), Moderate (70 to <250), High (250 to <525), and Very High (>=525)

Fossil Fuel Reserves (%): The percentage of portfolio's market value exposed to companies that own fossil fuel reserves.

ADDITIONAL INFORMATION - SUSTAINABLE FINANCE DISCLOSURE REGULATION

As this fund has been categorised as meeting the provisions set out in Article 8 of the EU SFDR, more information on what the sustainability related ambitions of the fund are and how the sustainability related ambitions of the fund are met can be found on the website: https://cantorfitzgerald.ie/asset-management/sustainability-disclosure/

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