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# Global Technology strategy

## Technology companies have recently reported robust 2<sup>nd</sup> quarter results

- The Technology sector outperformed the broader equity index in August
- Strong performance from IT Services and cloud solutions
- 83% of companies within our Technology strategy reported better-than-expected revenues

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### What's happening?

During August, the MSCI World Index gained 3.6%<sup>1</sup>, while the technology sector outperformed the broader equity index with the MSCI World Information Technology Index climbing 4.9%<sup>1</sup>. [All index returns provided in GBP].

From a market perspective, second quarter earnings season is almost over and we have seen a positive trend with regards to companies exceeding expectations and providing a constructive commentary for the remainder of 2021 despite the uncertainties that still exist on the ongoing impacts of the pandemic and timing of full economic recovery.

### Portfolio positioning and performance

The Global Technology strategy performed well in August. We saw strong performance from IT services company Globant, driven by the robust demand for digital transformation projects. The company highlighted that visibility in the business is better than it was pre pandemic. Workday, cloud based provider of Human Capital Management and Financial software tools for enterprises, also reported strong results and raised guidance for the year as the pace of demand for digital solutions for Human Resources and Finance is accelerating.

We saw strong performance from online social media management tool provider Sprout Social and from cloud based cybersecurity company Zscaler after several peers reported robust results. A high number of cyber-attacks over the past few months have led companies to reassess their security setups and upgrade potential vulnerabilities, in particular cloud security.

There were no major changes to the portfolio during the month.

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<sup>1</sup> Bloomberg as of 31/08/21

## Outlook

Despite facing some difficult year-on-year comparisons, the underlying results from technology companies have been strong during 2021 and recently reported second-quarter results have continued to be robust. At the time of writing, for those companies in the MSCI World Index - representing the broader equity market - that have reported their second-quarter numbers, 75% have reported better-than-expected revenues and 76% reported better-than-expected earnings. For the technology component of the same index, the results were 81% and 83%, respectively, and for the Technology strategy, these figures are 83% and 93%<sup>2</sup>, respectively.

Enterprise spending intentions on information technology appear to support these good results. According to Gartner, forecasted worldwide IT spending for 2021 suggest growth will be up 6.4% compared to 2020, and suggesting that spending on IT in 2021 will even exceed 2019 levels. While a declining US dollar is providing some contribution towards this growth, a large part of the growth is coming from digital acceleration as enterprises look to upgrade and modernise their systems.

**No assurance can be given that the Global Technology Strategy will be successful. Investors can lose some or all of their capital invested. The Global Technology strategy is subject to risks including; Equity; Smaller companies; Currency; Industry sector or region; Changing technology; Emerging markets; Liquidity.**

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<sup>2</sup> Source: FactSet as of 31/08/2021

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