



BLUESPACE FUND UPDATE – MAY 2023

The Fund

The BlueSpace Fund is a long-only equity fund investing in the Space Economy sector. Target companies, which are mainly listed in the US and Europe, are involved in the launch industry, satellite manufacturing, space exploration, space infrastructure, broadcasting, broadband connectivity, Internet of Things, 5G and earth observation. The fund invests furthermore in companies that directly benefit from space technologies and that use space data for their products and services. Companies are selected through a financial analysis process coupled with a technical-scientific analysis provided by a leading advisory board.

Update on the Space Economy

A SpaceX Falcon Heavy rocket has launched the long-awaited Viasat-3 Americas satellite, the first of Viasat's 3 new satellites capable of transmitting more than 1,000 Gbps, three times as much as the Viasat-2 satellites. After reaching geostationary orbit and conducting initial tests, the new satellite will begin its commercial operations over the Americas later this summer. The second satellite, dedicated to covering the EMEA region, is scheduled to be launched later this fall with the Atlas 5 launcher from ULA (a joint venture between Lockheed Martin and Boeing), while the third and final satellite will cover the Asian continent and is expected to launch aboard the new European rocket, Ariane 6, in 2024. Also, during May, Viasat got the go-ahead from British, European and American authorities for the acquisition of Inmarsat, which was properly completed. The two companies join forces in the air and maritime mobile connectivity markets, given the growing threat from new entrants such as Starlink and Oneweb. Confirmation of the latter's merger with Eutelsat is expected later this summer.

Following the bankruptcy of Virgin Orbit, Rocket Lab offered US\$16.1 million for its facilities in Long Beach, California, which will be dedicated to the development of the new Neutron launcher. Rocket Lab is making a name for itself in the small launcher industry due to its continued mission successes and the difficulties of its competitors (such as Virgin Orbit, Astra Space, Firefly Aerospace). In May, Rocket Lab successfully completed two missions for NASA to launch 4 TROPICS satellites, dedicated to monitoring, observing, and measuring tropical storms. The company posted good results and aims to accomplish a record number of 15 missions during 2023.

A consortium of European companies led by, among others, Eutelsat, SES, Airbus and Thales is responding to the European Commission's call for tender related to the future European satellite constellation IRIS2 (Infrastructure for Resilience, Interconnectivity and Security by Satellite). Following the Galileo (satellite positioning) and Copernicus (climate monitoring) programs, IRIS2 envisions a network of multi-orbital satellites to enable EU countries to have secure connections, for military use or in the event of incapacitation of terrestrial infrastructure due to increased security threats.

Portfolio Activity

We gradually trimmed our allocation in Palantir as the stock soared by +87% in May after posting strong financial results, strong growth, and joining the party of the Artificial Intelligence subsector. We continue to hold the company, but we decided to tactically take some profit. We also reduced our exposure to Viasat by 1/3 after the +28% rally thanks to the approval of the merger with Inmarsat and the successful launch of the Viasat 3 satellite. We completely sold our small allocation in Avio as we decided to allocate more capital to growth-oriented companies like MDA, which is benefiting from a strong backlog from both government and commercial sectors, coupled with a diversified business strategy. Following our decision of last month, we also continued to increase our allocation to



Redwire and Spire Global. We initiated a new position in Intuitive Machines, a company that in our opinion is very well managed and obtained 3 of the 12 missions of NASA's Commercial Lunar Payload Services (CLPS) program. Moreover, the company is trading at interesting valuations.

Investment Trends

Defence and Intelligence: Now more than ever nations and governments consider defence, intelligence and national security a top priority. High spending and strong visibility are benefiting defence companies.

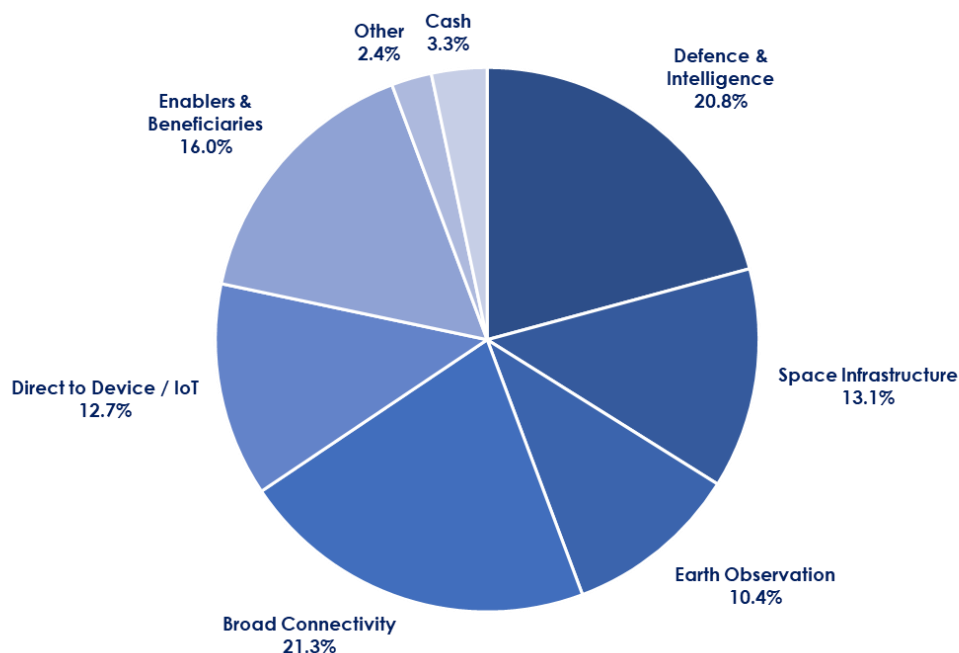
Space Infrastructure: Thousands of satellites will be manufactured, launched and operated in this decade to improve connectivity capacity and speed, increase space data analytics with the use of AI and cloud computing, and new space stations will host in-space manufacturing of new materials, pharmaceuticals and bio-printing.

Earth Observation: New, disruptive satellite constellations are getting real time information from planet Earth (images, infrared, radiofrequencies, etc) to improve monitoring, tracking and compute predictive analytics. These companies operate with SaaS models with high margins and scalability.

Broad Connectivity: The only way to connect the entire planet is through satellites, which will help bridging the digital divide that today leaves almost half of the world population with no decent connectivity. Today's technology permits high speed internet connectivity from space with low latency in every part of the globe.

Direct-to-device / IoT: Every device will be connected to the internet. If we want to connect things everywhere, the only solution comes from space. Our smartphones, cars, ships, remote assets, everything related to the Internet of Things that is located in areas with a low density population will rely on satellites.

Enablers and Beneficiaries: companies which technology is critical for space engineering and manufacturing, and companies that directly benefit from space data and services.



Performance

The BlueSpace Fund gained +1.1% in May, while is up +4.6% since the beginning of the year. The following table illustrates the main positive/negative contributors for the month of May:

Positive	%	Negative	%
PALANTIR	+2.12	THALES	-0.26
VIASAT	+0.80	L3HARRIS	-0.27
PLANET LABS	+0.64	BAE SYSTEMS	-0.29
AMAZON.COM	+0.60	REDWIRE	-0.78
GLOBALSTAR	+0.56	TERRAN ORBITAL	-0.83

The following chart illustrates the performance since inception of the BlueSpace Fund, the S-Network Space Index and the MSCI World:



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