

Asset allocation		Top 5 Domestic Holdings	Top 5 Global Holdings
Domestic Equity	51%	Naspers Anglo American MultiChoice	Blackstone UnitedHealth Accenture
Global Equity	27%	FirstRand	Dominos Pizza Facebook
Cash	23%	Transaction Capital	

Performance Period	Fund Return	Benchmark (CPI +5%)	Sector Average	JSE SWIX
1 Year	5.4%	9.7%	2.6%	1.2%
3 Years (annualised)	5.3%	9.4%	3.6%	4.3%
5 Years (annualised)	6.3%	9.8%	4.8%	5.4%
10 Years (annualised)	14.2%	10.1%	10.5%	13.6%
Since Inception (annualised)	13.4%	10.8%	9.8%	13.0%

Performance is reported for A Class, net of fees  
Sector Average: SA - Multi Asset - Flex

**Portfolio Manager: BlueAlpha Investment Team**  
**Commentary for the Quarter ended 30 June 2019**

**Performance**

For the quarter, the fund returned 0.9% vs. the JSE Swix (2.9%). On a 12-month basis, the fund has outperformed, returning 5.4% vs. the JSE Swix (1.2%).

**Macro**

Global markets had a positive quarter, returning 4.0% in USD. Europe and the US were the strongest-performing regions, returning 4.6% and 4.3% respectively, Asia ex-Japan (-0.6%) and Japan (-1.7%) – all returns in USD. However, it should be noted that earnings expectations have yet to recover meaningfully. Global earnings growth is expected to come in at 12.7% for 2019. The disconnect between global bond and equity markets continues, with bond yields pricing in recession while equity markets are still broadly up. There has been little development in the trade war over the quarter. We see this as something markets will have to get used to for the next few years.

South African markets outperformed the World Index, returning 5.2% in USD. The Rand appreciated over the quarter, gaining 3.0% against the USD. However, relative to other Emerging Market currencies, ZAR strength has been subdued. Bond yields have recovered, ending at 8.8% at end-June (vs. 9.1% at end-March). The SARB has halted rate hikes, given weak consumer data and muted inflation. The market is pricing in at least one 25bps cut in interest rates over the next 12 months.

**Domestic Equity**

Specific domestic stock performers were FirstRand (+11.2% QTD), Anglo American Platinum (+13.7 QTD) and Multichoice (+11.0% QTD). Having no exposure to Sasol and British American Tobacco also contributed to returns, while having no exposure to MTN and Absa detracted from returns. Changes over the quarter included buying Pick n Pay and Transaction Capital; and selling Atlantic Leaf Properties and Anglo American Platinum.

In anticipation of a South African rebound, we see a plausible solution to Eskom as the largest hurdle. Should we see any resolution on this issue, we would aim to further increase exposure to SA domestic names.

**Global Equity**

The Global component of the portfolio was the largest contributor to performance over the quarter. Specific stock performers were Microsoft (+13.6% in USD) and Lonza (+8.2% in USD). The holding in the BlueAlpha BCI Global Equity fund also contributed to performance, returning 3.0% in USD (0.8% in ZAR).