

Asset allocation		Top Domestic Holdings	Top 5 Global Holdings
Domestic Equity	41%	Prosus Anglo American Multichoice African Rainbow Capital	Blackstone Apple Accenture TJX Facebook
Global Equity	25%		
Cash	34%		

Performance Period	Fund Return	Benchmark (CPI +5%)	Sector Average	JSE SWIX
1 Year	2.7%	9.6%	1.3%	0.2%
3 Years (annualised)	6.2%	9.3%	3.2%	2.7%
5 Years (annualised)	6.3%	9.7%	4.8%	4.6%
10 Years (annualised)	12.7%	10.0%	9.3%	11.6%
Since Inception (annualised)	13.2%	10.8%	9.7%	12.4%

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

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

Performance

For the quarter, the fund returned 0.41% vs. the JSE Swix -4.3%. On a 12-month basis the fund has outperformed, returning 2.7% vs. the JSE Swix's 0.2%.

Macro

Global equity markets as measured by the MSCI World Index returned 0.72% for the quarter in USD. Lead by the US returning 1.52% for the quarter while European markets dragged performance lower, returning -1.17% both in USD. Global earnings expectations for 2019 and 2020 continued to be revised lower throughout this period. Weak economic data releases such as of low Germany GDP numbers and downbeat forward looking manufacturing surveys have spurred further risk-averse positioning, as more investors allocate towards bonds in fears of a recession.

The US Federal Reserve announced two rate cuts during the quarter, to lower the target rate in total by half a percent. The European Central Bank followed by implementing a package of easing measures in the form of rate cuts and asset purchases.

South African markets underperformed the World Index returning -11% in USD. The Rand depreciated 7% against the Dollar, and underperformed relative to emerging market peers too. Local bonds with a 10-year maturity sold off to 9% from 8.8%. The Reserve Bank announced a repo rate cut of 25bps in the period, and in addition the market is pricing in one further 25bps cut in the next 12 months.

Domestic Equity

The fund's best performing local position was in Transaction Capital which returned 12.7% in the period held. FirstRand was the largest underperformer, losing 13.11% in the period. Relative to the SWIX, the fund benefitted from not having a position in Sasol, which lost 27.74% in the period, while no position in British American Tobacco detracted from the fund's relative performance. The Fund was a net seller of local equities over the quarter, selling down stakes in Transaction Capital, Pick n Pay, and FirstRand. The fund elected to received Prosus shares from Naspers, and subsequent to the corporate action has sold the remaining Naspers holding and bought the equivalent in Prosus.

The fund's net cash position was increased to 34% at the end of the quarter.

Global Equity

The Global component of the portfolio was the largest contributor to performance over the quarter. Specific stock performers were Microsoft (+1.53% in USD) and Lonza (+1.28% in USD). The holding in the BlueAlpha BCI Global Equity fund also contributed to performance, returning 2.93% in ZAR.