

Asset allocation		Top Domestic Holdings	Top Global Holdings
Domestic Equity	43%	Prosus Anglo American Atlantic Leaf Properties Coronation Fund Managers	B2Gold AbbVie Roche Holdings Broadcom Amazon
Global Equity	33%		
Cash	24%		

Performance Period	Fund Return	Benchmark (CPI +5%)	Sector Average	JSE SWIX
1 Year	14.2%	9.3%	-1.4%	-6.1%
3 Years (annualised)	10.7%	9.5%	2.1%	2.0%
5 Years (annualised)	6.1%	9.6%	2.6%	2.1%
10 Years (annualised)	13.0%	9.9%	8.5%	10.3%
Since Inception (annualised)	13.5%	10.7%	9.4%	11.6%

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 June 2020

Performance

For the quarter, the fund returned 14.1% vs. the JSE Swix 22.1%. On a 12-month basis the fund has outperformed, returning 14.2% vs. the JSE Swix's -6.1%.

Macro

Over the quarter global stocks have rebounded, returning 19.4% in USD, leaving YTD performance at -5.8% in USD. The rally in the US has been driven by Info Tech stocks, which returned 30.5% in USD QTD. Our overweight exposure to this sector has been a large contributor to returns. While Q2 has seen a sharp rebound in equity markets, we see earnings performance being highly dependant on the development of a Covid-19 vaccine or more accurate point-of care-testing. This will likely lead to a safer exit of lockdowns and an eventual recovery in earnings. Bond yields are flat over the quarter, with US Treasuries still yielding 0.7%. Monthly US fund flows show cash in money markets is at an all-time high. Cash as a percentage of GDP is also at an all time high (25%). This move to cash shows that the market is still conservatively positioned.

In South Africa, local markets recovered, gaining 22.1% in ZAR. The Rand strengthened slightly over the quarter, gaining 2.8% against the USD. Bond yields have recovered, ending at 9.2% at end-June (vs. 11.2% at end-March). The SARB has slashed interest rates by 250bps this quarter with a 40% chance of the market pricing in another 25bps cut in the next 12 months. The SA government was already in a technical recession going into the Covid-19 outbreak. Largely influenced by SOE contingent claims (mostly Eskom) and weak economic growth, we aren't sure how government will deal with the large fiscal deficit going forward.

Domestic Equity

Our largest sectoral position is an overweight in Property and Global Cyclical, with the largest contributor to returns being the overweight exposure to Property. Underweight positions include Banks and Rand Hedges. Specific domestic stock performers were Atlantic Leaf Properties (+52.7%), Prosus (+30.1%) & Anglo American Plc (+31.9%)

Changes over the quarter included buying Coronation Fund Managers. We sold out of City Lodge and FirstRand.

Global Equity

The Global component of the portfolio was the largest contributor to performance over the quarter. Specific stock performers were B2Gold (+88.4% in USD) and Microsoft (+19.4% in USD). The holding in the BlueAlpha BCI Global Equity fund also contributed to performance (+17.5% in USD)

The global allocation is at the maximum level allowed.