

Performance Period	Fund Return	Sector Average	Benchmark
1 Year	1.2%	-7.4%	1.9%
3 Years (annualised)	6.6%	0.9%	5.7%
5 Years (annualised)	4.5%	1.0%	4.3%
Since Inception (annualised)	7.6%	1.6%	5.1%

Performance is reported for the A Class, net of fees

Sector Average: SA Equity General

Benchmark: Composite of SWIX to 31/10/2017; 75% JSE Swix / 25% MSCI All Country World Index from 01/11/2017

Asset & Sector Allocation	
Cash	4%
Total Net Equity	96%
Basic Materials	13%
Consumer Goods	7%
Consumer Services	12%
Financials	11%
Healthcare	4%
Offshore	30%
Property	5%
Technology	10%
Telcos	4%

Top 5 Domestic Holdings	Top 5 Global Holdings
Naspers	Facebook
Prosus	Microsoft
FirstRand	Adobe
MultiChoice	Amazon
Santam	Regeneron

Portfolio Manager: Gary Quinn / Kyle Rix

Commentary for the Quarter ended 30 June 2020

Performance

For the quarter, the fund returned 12.6% vs. the benchmark 16.7% – the benchmark is a composite made up of 25% MSCI All Country World Index and 75% JSE Swix. On a 12-month basis, the fund returned 1.2% vs. the benchmark's 1.9%.

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 Telcos and Defensives, with the largest contributor to returns being the overweight exposure to Telcos. Underweight positions include Rate Sensitives and Rand Hedges. Specific domestic stock performers were Anglo American Platinum (+66.3%) and Prosus (+30.1%).

Changes over the quarter included buying Aspen and Coronation Fund Managers. We sold out of Standard Bank and Transaction Capital.

Global Equity

The offshore component was a large contributor to returns over the quarter. Specific stock performers were Facebook (+36.1% in USD), Amazon (+41.5% in USD) and Adobe (+36.8% in USD)

The global allocation is at the maximum level allowed.

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