

Asset allocation		Top Domestic Holdings	Top Global Holdings
Domestic Equity	55%	Shoprite Anglo American Foschini FirstRand Karoo000 Ltd	Alphamin Resources Osino Resources AutoZone Blackstone Amazon
Global Equity	34%		
Cash	11%		

Performance Period	Fund Return	Benchmark (CPI +5%)	Sector Average
1 Year	2.4%	8.6%	22.2%
3 Years (annualised)	7.7%	9.0%	7.4%
5 Years (annualised)	7.8%	9.1%	6.4%
10 Years (annualised)	12.3%	9.8%	10.2%
Since Inception (annualised)	12.8%	10.5%	10.8%

Performance is reported for the A Class, net of fees

Sector Average: SA - Multi Asset – Flex

Inception date: November 2005

Portfolio Manager: Richard Pitt

Commentary for the Quarter ended September 2021

Performance

For the quarter, the fund returned -0.8% vs. the benchmark's 2.4%. Over 12 months, the fund returned 2.4% vs. the benchmark's 8.6%.

Macro

Global markets were flat for the quarter and the US Equity market wasn't any more exciting, up 0.6% in USD for the quarter. On a good note, global earnings expectations have continued to rise and are now 16% higher than end- December 2019.

As for China, there are difficulties everywhere. Chinese FAI's have stopped growing, their labour force has peaked, and the population growth could peak very soon. A slowdown in FAI Growth is a huge problem for China, to use a comparison, China's dependence on real estate exceeds that of Spain before the financial crisis. Possibly the most concerning issue is their corporate accounting, which is highly unreliable and there are frightful inaccuracies. One of the big Chinese concerns this quarter is that of Evergrande, the big Chinese property developer potentially going bankrupt. This is affecting broad markets and commodities. One should be aware that the Chinese government will first save the Chinese households, then help the political people associated with Evergrande, and will deal with the feelings of the offshore bond holders last.

Taking a look at South Africa, equities were up 3.2% for the quarter. South African Bond yields are trading at 9.6% at end-September (vs. 9.2% at end-June) and the market is pricing in several hikes over the next 12 months.

The vaccine roll-out has fallen well short of targets (owing to vaccine hesitancy rather than lack of available doses), but there appears to be sufficient immunity to expect relatively normal activity for the balance of this year. Despite the slow vaccine rollout, the UK government has given the clearest indication yet that it will remove SA from its travel list of "red" countries, which will provide massive relief to the tourism industry going into 2022.

The SA trade account is still at a healthy surplus, R42bn (\$2.9bn) at the end of August, this was fueled by a rise in commodity prices as well as export volumes. Import volumes continue to recover, which should offset the surplus from exports.

Domestic Equity

Our biggest domestic overweight is Shoprite, was a top contributor this quarter (+17.3%) Our underweight to Naspers/Prosus was also a big contributor to returns. Changes over the quarter included adding Foschini, Telkom and Pick n Pay to the fund. We exited from Distell.

Global Equity

The global component was a positive contributor in ZAR terms +4.0% (-1.34% in USD). A Specific stock performers were Alphamin Resources (+10.1% in USD). We have also increased the global exposure by adding Accenture, AbbVie, Facebook and BlackRock.

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