

Performance Period	Fund Return	Sector Average	Benchmark
1 Year	19.2%	27.7%	20.8%
3 Years (annualised)	6.9%	7.2%	8.5%
5 Years (annualised)	8.0%	5.8%	7.4%
Since Inception (annualised)	8.6%	5.3%	7.0%

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

Inception date: July 2014

Asset & Sector Allocation	
Cash	9%
Total Net Equity	91%
Basic Materials	11%
Consumer Discretionary	14%
Consumer Staples	8%
Financials	17%
Healthcare	2%
Offshore	28%
Technology	4%
Telcos	7%

Top 5 Domestic Holdings	Top 5 Global Holdings
FirstRand MTN Capitec Shoprite Anglo American	Facebook LVMH Moet Hennessy AutoZone Accenture Alphabet

Portfolio Manager: Gary Quinn / Kyle Rix

Commentary for the Quarter ended September 2021

Performance

For the quarter, the fund outperformed, returning 4.5% vs. the benchmark's 1.5%. Over 12 months, the fund returned 19.2% vs. the benchmark's 20.8%.

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.

The Portfolio

Overweight positions in MTN (+36.9%) FirstRand (+20.4%) and Transaction Capital (+8.9%) contributed positively to performance. The fund being underweight platinum miners (-18.4%) and having no exposure to gold miners (-7.3%) also added to the relative outperformance in the quarter.

Currently the fund is positioned to capture the returns from offshore opportunities, mostly funded by being underweight local Rand Hedges, namely Naspers (-16.8%) and Prosus (-14.5%) which has been positive contributor to performance. The offshore component of the fund outperformed the locally listed Rand Hedges (5.87% vs -10.9%). The biggest contributors to the offshore returns were AutoZone (+19.9%), Microsoft (+13.7%), and Accenture (+14.7%).

The largest changes over the quarter were adding to Shoprite, MTN, and Aspen, while selling Multichoice, BHP, and Impala.

Tel: +27 (21) 409 7100

Fax: +27 (21) 425 6560

Email: info@bluealphafunds.com

11th Floor Convention Tower cnr. Heerengracht Street & Walter Sisulu Avenue Cape Town 8001

PO Box 7601, Roggebaai 8012

www.bluealphafunds.com

BlueAlpha Investment Management (Pty) Ltd Reg. No. 2003/016855/07

Directors: Richard Pitt, Sandile Sokhela, Kirsty Minor, Peggy-Sue Khumalo