BlueAlpha BCI Equity Fund- Class A
Quarter 1 2022

BLUEALPHA INVESTMENT MANAGEMENT

Performance Period	Fund Return	Sector Average	Benchmark
1 Year	**16.8%**	17.9%	11.4%
3 Years (annualised)	**10.1%**	11.8%	11.6%
5 Years (annualised)	**9.6%**	8.5%	9.5%
Since Inception (annualised)	**9.5%**	6.7%	7.9%

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 until 28/02/2022; JSE Capped Swix / 25% MSCI All Country World Index from 01/03/2022
Inception date: July 2014

Asset & Sector Allocation	
Cash	4%
Total Net Equity	96%
Basic Materials	20%
Consumer Discretionary	10%
Consumer Staples	8%
Financials	22%
Offshore	24%
Technology	2%
Telcos	10%

Top 5 Domestic Holdings	Top 5 Global Holdings
MTN	Microsoft
FirstRand	Paychex
Capitec	Berkshire Hathaway
Anglo American	Marriott International
Shoprite	AutoZone

Portfolio Manager: Gary Quinn / Kyle Rix
Commentary for the Quarter ended March 2022

Performance
For the quarter, the fund returned -1.2% vs. the benchmark's 0.8%. Over 12 months, the fund returned 16.8% vs. the benchmark's 11.4%.

Macro
The two standout features is the tragedy of the Russian invasion of Ukraine and the big shift in Real bond yields globally. Finally central banks have committed to raising rates. For the S&P this is one of the few occasions that the US fed will be raising rates into a weak Stock Market. The sell off in Global bond markets this last quarter is the worst in 32 years. And recently the US yield curve has inverted. Some time this year the fed will also start tapering. Its clearly not going to be straight forward.

The other bogeyman lurking is Inflation, this is mainly a fixed income and asset allocators problem. Where it affects equities is who can control their cost line. Historically if you have a large labour component with poor HR or are a commodity producer you can't.

Locally the biggest local impact from global forces is going to be food and transport inflation. We don't think there are clear winners on an 18-month view. We own Shoprite which clearly has some benefit to its revenue line, but it also has a large labour component. Its biggest edge is its hold over supplier market share. We do think there are clear losers, mainly food producers and durable consumption. SA trade surplus should persist this year as metal prices (exports) offset oil (imports).

The other positive is that SA was not swept up in the Liquidity induced rally of global stocks over the last 3 years. Earnings and sentiment are at a point that make SA look very attractive globally. MSCI SA returned 20% in USD for the quarter. We want to stay with companies that are growing market share and addressing their flaws.

The Portfolio
We continue to run the fund with a large underweight to Naspers/Prosus which was the top contributor to returns.
3 of our biggest overweight positions in the fund were also the 3 top performers this quarter, FirstRand (+30.1%), MTN (+13.0%) and Shoprite (13.3%).
We have reduced our exposure to Richemont/LVMH and added Sibanye Stillwater . We have sold out of and Aspen and Pick n Pay.

Global Equity
The global component was the biggest drag on performance based on a fall in global equities and a strengthening of the ZAR. We sold the holding in the BlueAlpha Global Equity Fund and have moved to offshore single stock ideas. Main points to mention is our exposure to Healthcare (HCA Healthcare, McKesson Corp & Vertex Pharma) and we bought Taiwan Semiconductor.

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