BlueAlpha BCI All Seasons Fund - Class A

Quarter 3 2024

BLUEALPHA INVESTMENT MANAGEMENT

Asset allocation	
Domestic Equity	71%
Global Equity	11%
Cash	18%

Top Domestic Holdings
KAROOOOO
Truworths
Prosus
ABSA
Glencore

Top Global Holdings
ResMed
Alphamine Resources
Starbucks
Newmont
Salesforce

* As percentage of total fund holdings

Performance Period	Fund Return	Benchmark (CPI +5%)	Category Average
1 Year	**21.4%**	10.3%	20.0%
3 Years (annualised)	**11.5%**	10.6%	10.9%
5 Years (annualised)	**11.0%**	9.8%	11.0%
10 Years (annualised)	**8.7%**	9.8%	7.9%
Since Inception (annualised)	**12.6%**	10.5%	11.6%

Performance is reported for the A Class, net of fees
Category Average: ASISA SA - Multi Asset – Flex
Inception date: November 2005

Portfolio Manager: Richard Pitt
Commentary for the Quarter ended September 2024

Performance

Over the 3rd quarter the fund gained 7.2% and for the year to date the fund is up 13.6% - ahead of the annual CPI + 5% benchmark. Performance has also been strong over the last 12 months at 21.4%. Over both the long term and the last year the fund has delivered equity like returns with lower downside volatility than the market.

Macro

Global

The two big macro-economic events over the quarter were the US Fed cutting rates by 50 bps in September and China announcing aggressive measures including rate cuts and fiscal stimulus in an attempt to support the local economy. The decline in rates led to excellent performance from global REITs (+16%) as well as Value (+9,7%) and small cap stocks (+9,5%) which tend to be rate sensitive. Emerging markets (9%) were ahead of developed markets (6,5%) and the growth style was a relative laggard (3,5%). Fixed income also did well with the Global Bond Aggregate up 7% over the quarter. Commodity markets were flat over the quarter – with Gold being the outlier rallying 13% and hitting all-time highs. With Value and small companies beating growth and Technology companies there are signs of a broadening out of returns and a move away from the concentration of returns discussed last quarter. This speaks to a healthier underlying market environment. An easing of inflation numbers together with softer than anticipated readings on employment suggests some moderation in economic growth in the US. With the Fed cutting rates aggressively by 50 bps in September, this marks a clear change in focus away from controlling inflation toward supporting economic growth. For the moment, financial markets are looking through rising tensions in the Middle East and Europe. With most markets sitting on double digit returns for the year, investors will scrutinize companies results for any hint of an economic slowdown.

Local

Both the Rand and SA government bonds strengthened in the quarter, so it's no surprise that domestic cyclicals had a strong quarter.
Banks been one of the strongest sectors since the election. The sector returned 14% for the quarter. We believe more is still to come in the sector as most of the returns have been driven by re-rating off a depressed base. Going forward we expect earnings growth to be the main drivers of returns for the next 18 months. Private credit extension is still depressed so further interest rate cuts are key. As long as the GNU holds and our reserve bank doesn't get cold feet, the domestic part of the portfolio should do well.

The Portfolio

The positive trend across both local equities, bonds and the currency following the elections continued into the 3rd quarter. The biggest contributors over the quarter were Karooooo (+38%), Outsurance (+25%), and Prosus (+16%). Almost all positions contributed to returns other than small declines in MTN, Richemont and Glencore. Notwithstanding a 5% appreciation in the Rand, all the offshore investments contributed positively to performance. The corporate purchase of Osino Resources for cash was completed during the quarter.

Tel: +27 (21) 409 7100
Email: info@bluealphafunds.com
11th Floor Convention Tower cnr. Heerengracht Street & Walter Sisulu Avenue Cape Town 8001
www.bluealphafunds.com

BlueAlpha Investment Management (Pty) Ltd Reg. No. 2003/016855/07
Directors: Richard Pitt, Sandile Sokhela, Peggy-Sue Khumalo