BlueAlpha BCI SA Equity Fund– A class

Quarter 3 2024

BLUEALPHA
INVESTMENT MANAGEMENT

Performance Period	Fund Return	Benchmark*	Outperformance
3 months	**9.5%**	9.6%	**-0.1%**
6 months	**18.4%**	18.6%	**-0.2%**
1 Year	**23.4%**	25.4%	**-2.0%**

** Benchmark: JSE Capped Swix*
Inception date: March 2023

Asset & Sector Allocation	
Cash	**3%**
Domestic Equity	**97%**
Basic Materials	17%
Consumer Discretionary	11%
Consumer Staples	16%
Financials	28%
Industrials	6%
Real Estate	6%
Technology	12%
Energy	1%

Top 5 Holdings
Naspers
FirstRand
Standard Bank
Capitec Bank
Anglo Ashanti

Portfolio Manager: Walter Jacobs / Gary Quin
Commentary for the Quarter ended September 2024

Performance

The fund returned 9.5% for the quarter compared to the benchmark's 9.6%. Over 12 months, it returned 23.4%, compared to the benchmark's 25.4%.

Financial Markets

In Q3, MSCI EMEA rose 5.9% behind MSCI EM (7.8%) and behind MSCI World (6.0%). For the quarter, MSCI SA was 15.2% higher in USD, helped by the ZAR, which appreciated by 5.4% against the USD. The USD gold price was 13.2% higher, while South African Bonds returned 17.3% in USD for the quarter.

China's stimulus package dominated the news and initially triggered a strong rally in commodities (Iron Ore) and Chinese-linked equities. The Fed's 50 bps cut at the 18th September FOMC also helped fuel equity markets. The escalating Middle East conflict remains an uncertainty for markets.

In South Africa, the SARB cut its key policy rate by 25 bps to 8.0% at its Sept meeting, its first rate cut since COVID as core inflation dipped below the midpoint target, averaging 4.4% for the year. Progress is being made with consistent electricity supply but urgent attention is needed to address logistical and water supply challenges as well as ensuring service delivery at municipal level.

The Portfolio

The quarter's top contributors included Mr Price, Truworths, Capitec, and Standard Bank (we have overweight positions in all these stocks). While the detractors were stocks, the fund did not own Discovery, ABSA, Pepkor, and MTN.
We added Raubex and Exxaro to the portfolio. Raubex is ideally placed to benefit from the requirement to invest in infrastructure after years of neglect. The two additions were funded by reducing the weightings of Richemont, Bidcorp, and cash.

We continue to invest in quality companies with good growth prospects. Reducing interest rates and a general improvement in the South African economy over the next 18 months should benefit these companies.

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