BlueAlpha BCI Equity Fund - Class A

Quarter 4 2024

BLUEALPHA
INVESTMENT MANAGEMENT

Performance Period	Fund Return	Sector Average
1 Year	16.4%	13.5%
3 Years (annualised)	5.2%	7.9%
5 Years (annualised)	9.0%	10.6%
Since Inception (annualised)	8.4%	7.1%

Performance is reported for the A Class, net of fees
Sector Average: SA Equity General
Inception date: July 2014

Asset & Sector Allocation	
Total Net Equity	97%
Cash	3%
Domestic Equity	65%
Offshore Equity	32%
Basic Materials	10%
Consumer Discretionary	8%
Consumer Staples	8%
Financials	26%
Technology	11%
Industrials	1%
Real Estate	1%

Top 5 Domestic Holdings	Top 5 Global Holdings
Naspers	Broadcom
FirstRand	Meta Platforms
Capitec Bank	Salesforce
Standard Bank	Marriot International
Shoprite	Procter & Gamble

Portfolio Manager: Gary Quinn / Kyle Rix
Commentary for the Quarter ended December 2024

Performance
The fund ended the quarter and the year ahead of peers and placed in the first Quartile over both periods in the SA Equity General Category.

Portfolio
Local
Contributors: The biggest gains in the portfolio were Tiger brands (+24%), Outsurance (+17.5%), and MrPrice (+10.4%)
Detractors: The losing positions this quarter were Glencore (-15.5%), Bidvest (-9.9%), and Standard Bank (-8.5%).

A large contributor was the fund's position in mining and global materials, 9% below the Capped Swix benchmark. This minimal exposure was additive to the fund's performance as the sector saw large earnings estimate cuts towards the end of the year. This underweight does pose a risk should these counters rally on arrival of any news of stimulus emanating from China, but we prefer to wait to see fundamental improvements in the property sector before reducing the underweight.

The fund's large bet on the domestic cyclicals took a breather over the quarter; banks and other local consumer names gave up some of the ground won post the elections. We are still waiting to see clear improvement in consumer spending, and also private credit extension has not improved as of yet- still sitting slightly above 4%. We still believe this part of the market offers significant upside.

We sold the position in Investec which we have held since the 4th Quarter of 2022, we started the position to gain exposure to the normalization of the group's ROCE levels, which we see as having mostly been met.

The fund participated in the Boxer IPO, and has a small position. On several metrics Boxer looks to be a very strong operator, fitting the criteria of what we look for in a business, and we will look to potentially add to this once we see further results.

Portfolio
Offshore
Contributors: The biggest gains in the offshore portfolio (In USD) were Broadcom (+34%), Salesforce (+22%), and Booking.com (+18%).
Detractors: While the losers over the quarter were our positions in Vertex (-13.4%), United Rentals (-13%) and ABB (-7%).

In general, we continue to find better opportunities in the US vs the admittedly limited selection of Rand Hedges in SA. We choose to be underweight these local Rand Hedges and for this quarter this bet worked. The locally listed names returned -1.14%, while our selection of offshore stocks returned 14.1%

US Consumer is under more pressure than in recent years. For the 7 years from 2015 to 2021 home rates averaged below 4%, but now there are more mortgages at a rate of 5% or higher than the preferable rates of sub 3%. Consumers now see their financial positions as on net being worse than 5 years ago, and this comes mostly from the rapid rise in interest costs. Where we see opportunities with the consumer is in the staples (Walmart, Proctor & Gamble) and some idiosyncratic ideas where the companies still have potential for gains in market share (Kinsale Capital).

Over the quarter the fund sold the small position in Adobe, and started positions in Fiserv and ResMed

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