# BlueAlpha FR All Seasons Fund - Class A

## Quarter 2 2026

| Asset allocation | |
|---|---|
| Domestic Equity | 70% |
| Global Equity | 25% |
| Cash | 5% |

| Top Domestic Holdings |
|---|
| British Tobacco |
| Karooooo Ltd |
| ABSA Group |
| Outsurance |
| Remgro |

| Top Global Holdings |
|---|
| BLUEALPHA BCI GBL EQT B |
| Koryx Copper |
| Alphamin TResources |
| Starbucks Corp |
| Salesforce Inc |

| Performance Period | Fund Return | Benchmark (CPI +5%) | Sector Average |
|---|---|---|---|
| 1 Year | 10.5% | 8.3% | 13.2% |
| 3 Years (annualised) | 10.5% | 9.1% | 13.4% |
| 5 Years (annualised) | 9.4% | 9.7% | 11.6% |
| 10 Years (annualised) | 8.5% | 9.4% | 8.7% |
| Since Inception (annualised) | 12.2% | 10.7% | 11.9% |

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

**Portfolio Manager: Richard Pitt**
**Commentary for the Quarter ended June 2026**

**Performance**
During the quarter, the fund gained a modest 0.5%. Over the long term the fund attempts to deliver equity like returns with lower downside volatility than the market. Global markets delivered a strong second quarter, as investor sentiment remained constructive notwithstanding a continued challenging geopolitical backdrop relating to the conflict in the Middle East. Sentiment improved during the quarter based on news of a ceasefire with Iran, resulting in oil retreating from its April peak of US$120 per barrel. At the same time, renewed confidence in the durability of the AI investment cycle provided strong support for technology-related equities. South African markets were an outlier in this environment and declined over the quarter.

**Macro**
A key feature of the quarter was the growing conviction that AI infrastructure and data centre capital expenditure would remain resilient despite geopolitical disruption. This idea was reinforced by US hyperscalers raising their 2026 capex guidance to US$700 billion. Since the Iran war began in February, global earnings growth expectations for the year have risen to 27% (a gain of 10 percentage points) - led by information technology. Given the exposure to semiconductors and IT hardware, emerging markets benefited notably, gaining 24%, marking its strongest quarter since Q2 2009 as investors favoured the “picks and shovels” of the AI supply chain. Growth outperformed value by about 10%. Asia ex-Japan led major regions, returning 28%, driven by Korea and Taiwan on strong demand for electrical equipment and semiconductors. SK Hynix and Samsung Electronics tripled and doubled respectively on the back of unprecedented demand for memory chips, helping Korean equities record their strongest quarter since 1998. Energy-heavy emerging markets in the Middle East and Latin America lagged, while MSCI China underperformed amid retail and auto weakness. Japan performed well, as a weaker currency and steeper yield curve supported exporters and financials, helping the TOPIX return 14%. In the US, 85% of S&P 500 companies exceeded Q1 earnings expectations. AI-related spending supported earnings across banks, capital markets, electrical equipment, and industrials, contributing to a 15% return for US equities in the quarter. MSCI Europe ex-UK returned 14% in the quarter as Middle East tensions eased and sentiment remained resilient. UK equities lagged with a 5% gain, reflecting commodity exposure and a more defensive sector mix. Commodity markets declined 8% during the quarter. Oil prices fell 38% as the Iran conflict de-escalated leading to expectations that the Strait of Hormuz would reopen. Gold and precious metals declined by more than 10% - a continuation of the declines from the all-time highs at the beginning of the year. Industrial metals advanced on technology and infrastructure demand.
The South African stock market fell by over 3% during the quarter. This was in significant contrast to emerging markets generally, which gained 24% in US$ terms. The decline was in large part due to the sell-off in both the gold and platinum names. In addition, the South African Reserve Bank (SARB) raised the repo rate by 25 basis points to 7.00% in May – taking the prime lending rate increased to 10.50%.

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**Portfolio**

The biggest contributors over the quarter were the investment in the BlueAlpha Global Equity Fund (+7%), Alphamin Resources (+33%) and Richemont (+28%). Alphamin operates one of the world's highest grade tin mines – with grades around 4x that of the majority of tin miners around the world. Earnings rose 46% quarter on quarter as tin prices gained 30% over the period. Following strong performance and a robust balance sheet the company also declared a dividend over the quarter. The detractors were Thungela Resources (-44%), Newmont (-17%) and Resmed (-18%).

**Our approach**

Our investment approach is premised on the idea that in the long run investment returns are largely driven by the company's ability to grow their real cash earnings for sustained periods of time. To do this they must be able to generate high rates of cash returns when measured against the capital required, and they must have a growth opportunity to reinvest this cash over time.

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