BlueAlpha FR Balanced Fund- Class C

BLUEALPHA
INVESTMENT MANAGEMENT

Quarter 2 2026

Performance Period	Fund Return	Sector Average	Outperformance
1 Year	9.5%	12.5%	-3.0%
3 Years (annualised)	11.1%	12.6%	-1.5%
5 Years (annualised)	10.7%	11.1%	-0.4%
Since Inception (annualised)	8.8%	9.4%	-0.6%

Performance is reported for the C Class, net of fees
**Benchmark: Average of the SA Multi Asset High Equity ASISA category, calculated over a 1-year rolling period*
Inception date: September 2018

Asset allocation	
Global Equity	29%
Domestic Equity	27%
Property	10%
Bonds	12%
Commodities	6%
Cash (domestic + offshore)	16%

Top 5 Domestic Holdings

R2032 8.25%
New Gold Issuer
Glencore
Redefine Properties
Emira Property

Top 5 Global Holdings

Alphabet Inc
Fortinet
Broadcom
Amazon
Ulta Beauty

Portfolio Managers: Walter Jacobs / Richard Pitt
Commentary for the Quarter Ended June 2026

Performance

The fund ended the quarter at 3.1% vs the category at 2.9%, for the year the fund returned 9.5% vs the category at 12.5%.

Macro

Q2 2026 will be remembered as a quarter in which headline breadth masked underlying concentration. MSCI World's +13.3% advance, and the S&P 500's +14.9%, sit atop a market where Momentum (+48.4%) and Enhanced Value (+39.0%) did the heavy lifting while Min Volatility (+2.8%) and Equal Weighted (+9.9%) barely participated. That divergence is the quarter's central risk: portfolios overweight the AI/semiconductor complex — SOX +88%, KOSPI +64% — have been paid handsomely, but the same positioning is now crowded, and June's broad-based pullback (MSCI World -0.8%, Magnificent 7 -8.9%) is an early signal that momentum can reverse quickly once conditions shift

The Iran ceasefire was the quarter's true macro catalyst, not central bank policy: the Strait of Hormuz resolution collapsed Brent by -41.8% and removed an energy-shock tail risk that had been priced into inflation expectations. That, in turn, gave the Fed room to hold despite a still-hawkish tilt, even as the ECB hiked for the first time since 2023 and the SARB pushed the repo rate to 7.00% against sticky domestic inflation. South Africa is a genuine bright spot on the quarterly lens: ALBI's +7.9% return and a 72bp yield compression reflect real risk appetite for SA duration, and the rand's +4.1% quarterly appreciation (27four convention) should not be read through June's -1.0% wobble alone. China's -7.6% quarterly decline and bitcoin's -14% Q2 print (-30.1% YTD) confirm that not all growth-sensitive or "risk" assets participated in the rally — this was a selective, factor-driven advance, not a broad risk-on regime, and should be sized accordingly across books.

Portfolio

The equity allocation was the main contributor to the performance during the quarter with the Global Equity contributiong 2.7% while Local Equity detracted 1,0%, Property contributed 1,0% and Domestic Fixed income 0,6%.

At the instrument level, Fortinet, Alphabet, the R2032 bond, Broadcom and Crocs were leading contributors, whereas Goldfields, New gold, Impala, Lockheed Martin and Glencore were detractors to portfolio returns.

During the quarter, we added Amphenol to the fund, while we sold out of Adobe, Boston Scientific, Prosus and Richmont.

Our approach

Our strategic asset allocation process, which focuses on investing in growth assets with a proven real return profile, remains central to the portfolio's structure for 2025. In terms of equity instruments, our investment philosophy prioritizes sustainable growth in real cash earnings over time. Companies are expected to generate high cash returns relative to their capital requirements and to reinvest effectively. Although valuation risks remain, our disciplined approach has resulted in long-term performance.

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