BlueAlpha BCI Equity Fund- Class A
Quarter 1 2024

BLUEALPHA INVESTMENT MANAGEMENT

Performance Period	Fund Return	Sector Average	Benchmark
1 Year	**13.8%**	3.3%	9.3%
3 Years (annualised)	**7.1%**	7.4%	7.9%
5 Years (annualised)	**7.0%**	8.1%	9.4%
Since Inception (annualised)	**8.0%**	5.9%	7.5%

Performance is reported for the A Class, net of fees
Sector Average: SA Equity General
Benchmark: Composite of SWIX to 31/10/2017; 75% JSE Swix / 25% MSCI All Country World Index from 01/11/2017 until 28/02/2022; JSE Capped Swix / 25% MSCI All Country World Index from 01/03/2022
Inception date: July 2014

Asset & Sector Allocation	
Cash	4%
Total Net Equity	96%
Basic Materials	14%
Consumer Discretionary	8%
Consumer Staples	7%
Financials	21%
Offshore	33%
Technology	10%
Real Estate	1%
Industrials	2%

Top 5 Domestic Holdings	Top 5 Global Holdings
Naspers	Marriot
FirstRand	Salesforce
Gold Field	Kinsale
Shoprite	AutoZone
Capitec	Microsoft

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

Performance
For the quarter, the fund returned 3.7% vs. the benchmark's 1.0%. Over 12 months, the fund returned 13.8% vs. the benchmark's 9.3%.

Macro
The first quarter of 2024 showed a steady dampening of expected interest rate cuts in the year ahead, but the more dominant force was a strong reporting season. The investment into AI and its ancillary industries continue to drive an engaging narrative around new product development and productivity gains that should follow. We remain positive is the US, primarily due to the reliant wage and consumer demand growth. The period of higher rates following the inflation surge post-covid has not harmed demand as much as previously feared. This is because households and businesses are not as indebted as they have been in previous cycles.

Locally, the May elections are in focus. The best outcome for the markets will be election results that maintain the status quo. Coalitions, despite how popular the idea is, would initially produce deadlocks whereas many facets of public service need decisive action. Election forecasts point to the ANC further losing its share of the votes, which makes the possibility of coalitions apparent. Foreign investors have made it clear that they do not want to be invested during a period of potential disruptive administrative change and have been active sellers of their stakes in SA Inc. Owing to this, bellwethers like FirstRand have underperformed this quarter.

Local
The local contributors in the fund were AVI (11.3%), and Mr Price (+10.3%), Capitec (+3.43%), and a significant amount of outperformance was earned through the fund's underweight in MTN. The detractors in the fund were Woolworths (-16%), Firstrand (-13.3%), Standard Bank (-10.9%), the fund also lost relative to the benchmark by being underweight gold miners which returned more than 16% for quarter.

Gold companies do not typically meet our criteria for investment, however, given how large the sector has become in the local context, we do own some and prefer relatively higher-quality names in the sector.

The fund remained relatively consistent in the positioning for the quarter, the only new addition was adding MrPrice, funding this partially out of Woolworths. We also exited the MTN position, after being underweight for the last 15 months.

Offshore
The fund's overweight of offshore (32% vs 25%) was the large contributing factor this quarter. Most of the fund's offshore holdings outperformed the S&P500 and the largest dollar contributors were Kinsale Capital (+37.3%), AutoZone (26.1%), and Meta (21.8%). The Accenture (-0.8%) position was the only one to lose money in the quarter.
The fund made one change to the offshore positioning this quarter adding Kinsale Capital, replacing Berkshire Hathaway.
The fund has also purchased portfolio protection via a put option against 30% of the offshore position.

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