BlueAlpha BCI Balanced Fund- Class C

Quarter 1 2026

BLUEALPHA INVESTMENT MANAGEMENT

Performance Period	Fund Return	Sector Average	Outperformance
1 Year	**12.1%**	16.4%	**-4.3%**
3 Years (annualised)	**12.4%**	12.7%	**-0.3%**
5 Years (annualised)	**10.7%**	10.9%	**-0.1%**
Since Inception (annualised)	**8.6%**	9.1%	**-0.5%**

Performance is reported for the C Class, net of fees
*Benchmark: Average of the ASISA SA Multi Asset High Equity category
Inception date: September 2018

Asset allocation	
Global Equity	28%
Domestic Equity	42%
Property	10%
Bonds	11%
Commodities	6%
Cash (domestic + offshore)	3%

Top 5 Domestic Holdings	Top 5 Global Holdings
R2032 8.25%	Alphabet Inc
New Gold Issuer	Broadcom
Gold Fields	Ulta Beauty
Glencore	Lockheed Martin
Capitec	Microsoft

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

Performance

During the quarter, the fund posted a return of -3.7% compared to the benchmark's -1.4%. Over a 12-month period, the fund returned 12.1%, while the benchmark returned 16.4%.

Macro

The defining event of Q1 2026 was the outbreak of war in Iran, which caused substantial disruptions to global energy markets and supply chains. Iran's attacks on Middle East energy infrastructure and its stranglehold on the Strait of Hormuz sent oil prices soaring above $110 per barrel. The conflict has created an energy shock, putting upward pressure on global inflation. This has placed central banks in a difficult position, balancing growth concerns against renewed inflationary pressures. The People's Bank of China acknowledged that the country was facing "external shocks" as the war roiled the global economy, though it signalled no change to its easing policy stance.

On the JSE, March was one of the worst months for local risk assets since COVID, reversing the rally seen at the start of the quarter. Resources outperformed, supported by higher commodity prices, while consumer-linked sectors lagged. The February budget outcome highlighted ongoing fiscal consolidation and improved debt dynamics. The SARB kept the repo rate unchanged, adopting a cautious stance and citing growing external risks, including global fragilities and shocks, as well as the ZAR's vulnerability. Inflation expectations for the rest of 2026 were revised upwards, suggesting a scenario that could require future rate hikes if oil prices remain elevated.

Portfolio

The domestic equity and commodity (gold) allocation was the main contributor to performance during the quarter, while global equity and domestic property detracted from performance. Concerns about AI disruption continue to weigh on SaaS and consulting businesses. The weakness in the share prices of these companies is in contrast to the strong financial results that are being reported.

At the instrument level, Glencore, BHP, Lockheed Martin and the Gold ETF were leading contributors, while Microsoft, Adobe, Broadcom, and Salesforce were detractors from portfolio returns.

During the quarter, there were no additions to, nor were any instruments sold out of, as we continue to focus on company fundamentals rather than unpredictable macro events.

Our approach

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

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