BlueAlpha BCI Global Equity Fund – Class A

Quarter 1 2026

BLUEALPHA INVESTMENT MANAGEMENT

Performance Period	Fund Return	Sector Average
1 Year	-9.4%	4.3%
3 Years (annualised)	6.2%	10.7%
5 Years (annualised)	6.4%	8.9%
10 Years (annualised)	10.8%	10.2%
Since Inception (annualised)	12.3%	11.0%

Inception date: September 2014, Performance is reported for the A Class net of fees in ZAR, Sector Average: Global Equity General

Asset & Sector Allocation	
Cash	3%
Equity	97%
Consumer Discretionary	25%
Financials	14%
Health Care	9%
Industrials	9%
Technology	35%
Telecommunications	3%

Top 5 Global Holdings
KLA Corp Booking ABBVIE Autozone Berkshire

Equity Holdings by Geography	
USA	89%
Europe	7%
ASIA	4%

Portfolio Manager: Richard Pitt / Walter Jacobs
Commentary for the Quarter ended March 2026

Performance

The first quarter of 2026 was dominated by a major geopolitical shock that overshadowed other macroeconomic developments and drove significant volatility across global equity markets. While global equity markets began the year positively with strong performance outside of the US – most notably Asia, Japan and emerging markets – escalation of the Middle East conflict resulted in a significant decline in March of between –4% and –14% (in US$) across regions.

For the quarter the Global Fund declined by 15% in USD, lagging the MSCI World Index, which fell 3.5%. The poor relative performance is largely ascribed to a substantial derating in quality companies that we own and the uncertainly around AI going forward – both in terms of returns on investments being made and disruption risk. For quality orientated investors this has been a tough period as the style has significantly underperformed. In ZAR the fund declined by 12.8% over the quarter. Since inception in September 2014, the fund has delivered 12.3% compound annual returns in ZAR and has outperformed the peer group over that period.

Global Macro

The defining event of Q1 2026 was the outbreak of war in Iran, which created 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 skyrocketing over $110 per barrel. The conflict has created an energy shock that has placed upward pressure on inflation globally. This puts central banks in a difficult position, balancing growth concerns against renewed inflationary pressures. The People's Bank of China acknowledged the country was facing "external shocks" as the war roiled the global economy, though it signaled no change to its easing policy stance. In the US, market expectations shifted during the quarter, with traders fully pricing in a Federal Reserve rate cut by July rather than June as previously anticipated. The energy shock will no doubt put upward pressure on inflation.

The TOPIX Index led major equity markets, helped by a weaker yen and the LDP's electoral victory. The MSCI Europe ex-UK Index dropped 3.8% (in US$) amid rising geopolitical tensions and concerns over gas prices affecting growth. Emerging market equities slipped as risk-off sentiment grew, with Asian markets evaluating their energy export exposure. The S&P 500 fell 4.3%, with tech stocks under pressure early in 2026 due to AI-related concerns for SaaS models. Despite strong Q4 earnings and relative resilience during Middle East conflict uncertainty, US tech stocks declined 3.8% in March, while the broader market was down 5%. A shift away from mega-cap technology stocks during the quarter contributed to the outperformance of value stocks (+1.3%) relative to growth stocks (-8.4%). While optimism emerged late in the quarter regarding a potential resolution to the Iran conflict, the EU warned that oil and gas prices would not immediately return to normal levels even if a peace deal was reached, suggesting continued volatility ahead for equity markets.

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Portfolio

The top contributors over the quarter were ASML (+21%) and KLA Corp (+21%). ASML delivered strong performance in Q1 2026, driven by record orders, robust AI-driven demand, and an optimistic outlook for the year ahead. The company reported record fourth-quarter 2025 bookings of €13.2 billion, significantly exceeding the consensus estimate of €6.85 billion. ASML's backlog stood at €38.8 billion at the end of 2025 with the company announcing a new share buyback program of up to €12 billion, to be executed by December 31, 2028. KLA Corp was supported by strong earnings, record revenues from AI-related semiconductor demand, a $7 billion share buyback, a 21% dividend increase, revised long-term targets, and several analyst upgrades.

The underperformers include Microsoft (-23%), Blackstone (-25%), and Novo Nordisk (-30%). Microsoft's shares fell despite strong Q2 results, as Azure growth missed high investor expectations, and AI infrastructure spending was higher than planned. Adjusted EPS rose 24% year-over-year to $4.14, topping the $3.97 consensus. Novo Nordisk sell off was driven by a disappointing full-year 2026 outlook announced in early February that forecast sales to decline 5-13% at constant exchange rates due to lower pricing and intensifying competition in the US obesity drug market.

Our approach

Our investment approach remains anchored in the belief that long-term returns are driven by companies capable of compounding real cash earnings over sustained periods. We seek businesses with high returns on invested capital and clear opportunities for reinvestment. While market conditions and styles may ebb and flow, our commitment to sound business sense and valuation discipline remains unchanged. As global markets adapt to shifting policy landscapes and technological innovation, we continue to focus on identifying quality growth opportunities at reasonable prices. We remain vigilant to risks, including policy uncertainty and geopolitical developments, but are optimistic about the prospects for long-term compounding in the current environment.

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