BlueAlpha FR Global Equity Fund – Class A

Quarter 2 2026

Performance Period	Fund Return	Sector Average
1 Year	-6.7%	5.8%
3 Years (annualised)	4.9%	9.6%
5 Years (annualised)	6.8%	9.7%
10 Years (annualised)	11.8%	11.1%
Since Inception (annualised)	12.7%	11.3%

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	22%
Financials	14%
Health Care	11%
Industrials	8%
Technology	39%
Telecommunications	3%

Top 5 Global Holdings
KLA Corp ASML Holdings United Rentals Microsoft Corp Abbvie Inc

USA	89%
Europe	8%
ASIA	3%

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

Performance

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$120 per barrel. At the same time, renewed confidence in the durability of the AI investment cycle provided strong support for technology-related equities. For the second quarter the Global Fund returned 10.7% in US$, lagging the MSCI World Index, which gained 13.9%. The lagging relative performance is still largely due to a substantial derating in quality companies that we own. In addition, investments in software companies have struggled based on the perceived disruption risk from AI. This continues to be a challenging environment for quality orientated investors. In ZAR the fund increased by 6.8% over the quarter, with US$ returns reduced following Rand appreciation. Since inception in September 2014, the fund has delivered 12.7% compound annual returns in ZAR and has outperformed the peer group over that period.

Global 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.
high-quality companies.

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
Directors: Richard Pitt, Sandile Sokhela, Peggy-Sue Khumalo

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Portfolio

The top contributors over the quarter were KLA Corp (+105%), United Rentals (+55%) and ASML (+53%). Aside from strong earnings, KLA Corp was supported by the theme tied to the AI infrastructure and wafer fab equipment (WFE) super cycle narrative. The mid-June re-rating where KLA Corp surged 30% in a week, was likely driven by the stock split and a collection of analyst upgrades. ASML also continues to be driven by robust AI-driven demand, an optimistic outlook for the year ahead and an impressive backlog of orders. United Rentals returns in the quarter was driven by record earnings, raised guidance, strong large-project activity, and growing investor conviction that AI-driven data-centre and infrastructure spending will sustain equipment rental demand.

The underperformers include Accenture (-36%), Netflix (-25%), and Alibaba (-23%). Accenture had its biggest single day decline after posting mixed Q3 results. While earnings beat expectations, there was a small miss on the revenue line, and the company tempered its growth expectations for the year. While the operating momentum is modest, the high quality and very attractive valuation (low double-digit PE) offer appeal from here. The company is well positioned for recovery based on its scale, enterprise relationships, and exposure to large transformation programs.

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 from investing in high-quality companies.

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