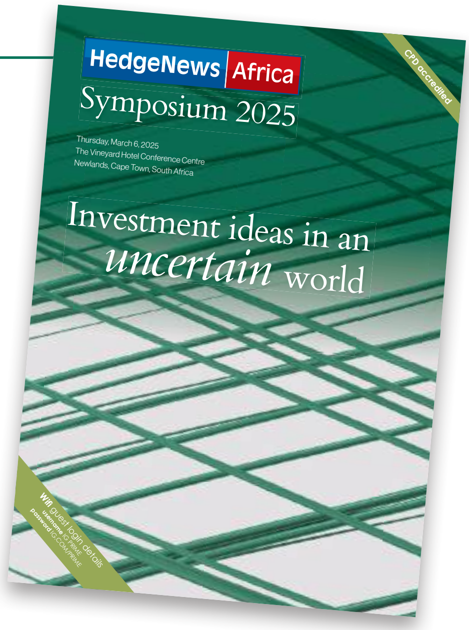
Symposium 2025



Ostwald warns on outlook in a new era of tariffs and trade wars

The 2025 Symposium began with a big-picture view on the global outlook delivered by Marc Ostwald, chief economist and global strategist at ADM Investor Services – London brokerage arm of Archers Daniels Midland, the huge US-based agribusiness conglomerate.

Although delivered before the subsequent major announcements about higher tariffs into the US, Ostwald already foresaw some structural transitions – including in areas like European defence.

He argued that US growth forecasts – which at that time had been ramped up to 2.7% for the current year – were wildly over-optimistic, and that US growth this year "would be lucky to get to 1%".

Current supply chains were clearly vulnerable, he added, though he did not foresee any wide-scale de-globalisation – more likely some 're-routing'.

Marc Ostwald, chief economist and global strategist at ADM Investor Services

On the positive side, there was still a lot of liquidity in the global system, Ostwald pointed out, plus the potentially massive impact from a new technological revolution led by developments in artificial intelligence (AI).

On the other hand, inflation was also still a problem – and certain sectors of the US economy, such as home insurance, faced major long-term secular problems related to climate change.

Further to that, the impact of cuts to public spending in the US – driven by the new Department of Government Efficiency (DOGE) – were all likely to be negative for the economy, he argued.

Turning to Asia – the engine of global growth in recent decades – Ostwald noted how China still faced very significant problems in the property sector. On the other hand, he argued that China was also 'light years ahead' on the energy transition.

The coming tech boom, however

– driven by the new possibilities of AI – would be both very capital intensive and energy intensive, Ostwald warned. This pointed towards the need for new energy solutions – such as perhaps in geothermal innovations, he suggested.

In terms of finding a safe haven for a troubled global market ahead, Ostwald suggested Japan as one possibility – given its continued status as the world's biggest creditor.

In the short term, expectations of major new tariffs into the US had already caused one relatively unnoticed effect as early as January, he pointed out – which was a massive increase in imports, as US consumers rushed to buy ahead of higher tariffs, alongside a virtual collapse in US output.

Whatever was coming next, higher volatility seemed likely.

Harnessing the power of cycles: From left, moderator: Jacques du Plessis, Graphite Asset Advisory. Panellists: Joe Bassett, AG Renegade; Shane Watkins, All Weather Capital; Bernard Griesel, Steyn Capital Management; Peter Wille, Cuthman Capital.

Navigating climate risks. From left, moderator: Niki Natarajan, In Ink (London). Panellists: Thato Kola, Matrix Fund Managers; Naleni Govender, Enko Capital; Mauritz van den Worm, Polar Star Management.

HARNESSING THE POWER OF CYCLES

The first panel session of the Symposium developed the discussion of big-picture themes, bringing together a diverse set of speakers – Joe Bassett of AG Capital, Bernard Griesel of Steyn Capital Management, Shane Watkins of All Weather Capital and Peter Wille of Cuthman Capital – moderated by Jacques du Plessis of Graphite Advisory.

The panel touched on a wide range of topics – from questions about the continued status of the dollar as the world's main reserve currency to specific impacts on opportunities in South Africa, such as in the commodity sector.

Bassett argued that, if nothing else, US President Donald Trump had a record of following through on promises – which meant that DOGE would cut spending dramatically, with deflationary effects. That in turn would also mean more to do on the short side, he argued, as well as being long the VIX index on volatility, plus a weaker dollar.

Watkins noted how the historic strength of the dollar had been based on a system of trust – which was perhaps now in question – but that higher volatility could also create opportunities in SA.

Griesel highlighted opportunities elsewhere in Africa, notably in frontier markets – most of which remain fundamentally under researched if researched at all, he argued.

Wille highlighted opportunities in commodities such as copper – and in addition to safe havens like the Japanese yen also foresaw secular growth in certain global stocks such as Uber.

HedgeNews Africa Symposium 2025: Exhibition and networking between panel sessions.

NAVIGATING CLIMATE RISKS

The next panel session brought together a diverse range of participants – Naleni Govender of Enko Capital, Thato Khola of Matrix Fund Managers and Mauritz van den Worm of Polar Star Management – to discuss various ways of investing to address climate change and successfully exploit opportunities related to the energy transition.

Govender highlighted, in particular, the opportunities for impact investing in Africa – notably in areas such as infrastructure, where she argued the opportunities were by nature mostly in unlisted areas, which made investing best suited via private credit approaches.

Because Africa was so underdeveloped in this respect relative to other regions of the world, there was also much more opportunity, she argued.

Khola talked more about opportunities in traditional listed equity markets – which he argued were also still far from being fully explored or exploited in the African context.

Van den Worm highlighted opportunities in energy commodities such as oil and gas – as well as agricultural commodities such as corn.

The panel largely agreed that al-

To infinity and beyond. From left, moderator: Jason Welz, Jaltech. Panellists: Mark Witten, Portal Asset Management; Nersan Naidoo, MidSquare; Sean Emery, Rainfiin.

though there would be plenty of opportunities in new sustainable and renewable energy and power projects and industries, fossil fuels would also remain highly important for the foreseeable future.

CRYPTO – TO INFINITY AND BEYOND?

A panel discussion focusing on opportunities in cryptocurrencies and blockchain innovations featured three speakers – Sean Emery of RainFin, Nersan Naidoo of MidSquare Capital and Mark Witten of Portal Asset Management – moderated by Jason Welz of Jaltech.

Naidoo explained the potential benefits of blockchain – as a 'trustless' network for business and system for 'decentralised finance' that can thus take place from peer-to-peer without the need for financial intermediaries (hence reducing costs too).

Emery talked about the opportunities offered by tokenisation and how that might enable more liquidity for less liquid assets – increasing their attractions by enhancing the opportunity for investors to exit more easily.

There was also some discussion to distinguish between bitcoin – as the original cryptocurrency based on a blockchain – and other altcoins, which may have various different uses.

Witten explained the rise in enthusiasm for bitcoin in particular since the recent US election – given the new administration's proposal to create a bitcoin sovereign reserve, as well as to provide more regulatory clarity for the whole crypto sector.

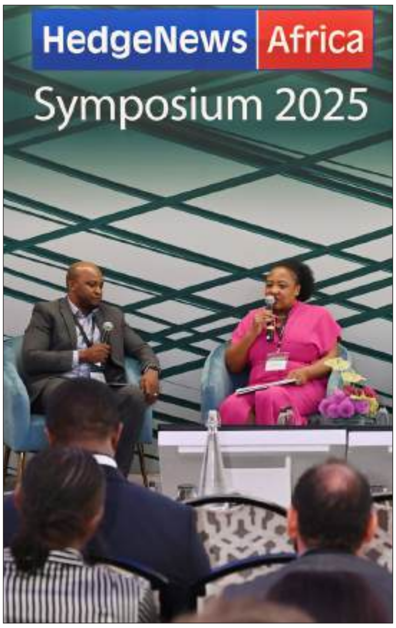
MASHENGETE OUTLINES PIC'S APPROACH TO ALTERNATIVES AND HEDGE FUNDS

The institutional investor viewpoint session at this year's conference was offered by Portia Mashengete of the Public Investment Corporation (PIC) where, among other things, she is responsible for manager research, selection and portfolio construction.

In a fireside chat with Tatenda Chapinduka of Independent Alternatives, Mashengete gave an insight into the PIC's approach to alternative investments including hedge funds and how they fit into its overall approach to investing.

On the macro outlook – she noted that a stronger dollar was usually bad for emerging markets, and that manager selection would be key in such an environment.

The PIC's approach to alternatives depended largely on its clients, she noted, many of which are pension funds. Currently, target exposure to alternatives was only 2% of total assets – though that was a vast R2.7 trillion in all, and only 10% of which was currently allocated offshore.



Portia Mashengete, Public Investment Corporation, in conversation with Tatenda Chapinduka, Independent Alternatives.

In terms of hedge fund strategies the PIC has adopted, Mashengete said allocations began in 2016 with an ex-SA fixed income fund and moved on to long/short equity in South Africa in 2017.

In terms of the approach to selecting managers, she said the PIC had an open tender process for inviting applications – with managers expected to explain an approach to transformation among other things – to then be approved to the panel eligible for allocations.

FROM THE FRONT LINES, PART 1

In previous years, the Symposium typically featured separate strategy panels focusing on equities and fixed income. This year, partly to allow more time for other approaches such as multi-strategy and market neutral, it was decided to include two panels where the debate could range across the strategy spectrum – making for a broader and more entertaining discussion of relevance to all delegates.

The first of these panels featured Jacques Conradie of Peregrine Capital, Jonathan du Toit of Oystercatcher Investments, Carmen Nel of Terebinth Capital and Cobus Potgieter of SouthernCross Capital – moderated by Nosibusiso Ngqondoyi of Old Mutual Multi-Managers.

The first part of the discussion focused on key risks in the local market, with Conradie pointing to short-term issues that the government was not fixing – even though he said there was a lot of good news coming through as well.

Du Toit said the new Government of National Unity (GNU) was arguably unstable by nature – with the DA not wanting the ANC to succeed – which could have material effects on the SA market.

Nel argued that the lack of a budget agreed on time was perhaps a good thing and encouraging that S&P had shifted its SA outlook to positive – even though reform was still needed in an economy not growing that fast.

Potgieter too was more positive on the outlook for SA, arguing that a coalition like the GNU can be a better way to govern – and that the outlook for both China and the Eurozone was improving.

Other topics for discussion included whether there were enough opportunities in SA; opportunities on the short side; whether the SARB was behind the curve on cutting interest rates; and the outlook for gold given potential loss of confidence in the dollar.

FROM THE FRONT LINES, PART 2

The second set of managers brought together to discuss and debate strategies featured Matthew Pouncett of Laurium Capital, Pooja Tanna of Perpetua, Andreas Tindlund of Abax Investments and Clarissa van der Westhuyzen of Fairtree, in a session moderated by Simbai Myezwa of Investec.

Myezwa posed a variety of questions, including whether 2024 had been 'easy money'; what had worked over the last 12 months and, of course, what might work going forward.

Pouncett said 2024 had not felt easy, but that there were plenty of opportunities going forward in market-neutral strategies and special situations as well as in traditional long/short equity – and that he would be trying to find asymmetric risks including pair trades.

Van der Westhuyzen said there were clearly risks but "the lights are on". She said it was important to have a flexible mandate – as well as to be willing to change your mind – if for instance there was a US recession, which would have varying impacts on specific SA stocks.

Tindlund said SA was a "fantastic market for hedge funds" – given a combination of emerging market volatility together with developed market liquidity, including the potential to use derivatives to help capture alpha.

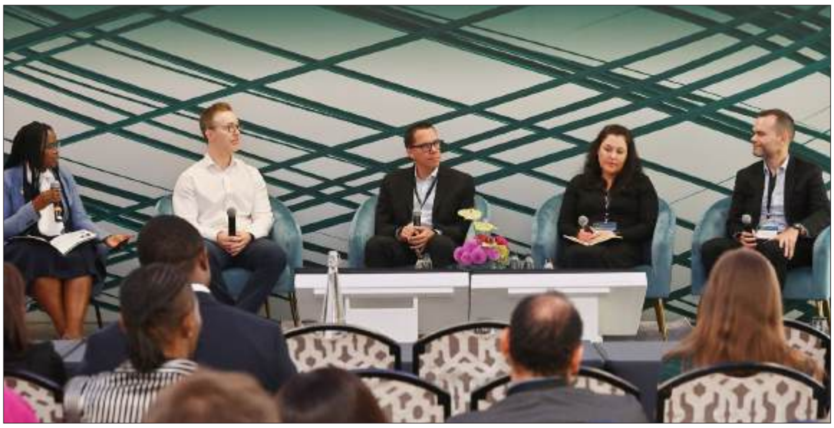
Tanna also argued for the need to be flexible, nimble and well diversified – and that SA looked good relative to other EMs, highlighting various ways to play it in the bond market, including with butterfly spreads.

FERI'S STORR OFFERS FOREIGN INVESTOR VIEWPOINT

This year's foreign investor viewpoint marked a return to the Symposium for Marcus Storr, head of alternatives at FERI – a German-based investment firm that specialises in hedge funds and private equity – in conversation with Craig French of Visio Fund Management.

Storr argued that demand for hedge funds was rising, not least in his native Germany – where investors used to be happy with returns of 4% a year but were now seeking more, as well as greater diversification from traditional investments. Nevertheless, many of these investors would be very happy with 6-8% a year – which was very achievable with a thorough due diligence process.

Demand had been further enhanced by increased volatility following the last US elections, which had increased the



From the front lines, part 1. From left, moderator: Nosibusiso (Busi) Ngqondoyi, Old Mutual Multi-Managers. Panellists: Jacques Conradie, Peregrine Capital; Jonathan du Toit, OysterCatcher Investments; Carmen Nel, Terebinth Capital; Cobus Potgieter, SouthernCross Capital.

From the front lines, part 2. From left, moderator: Simbai Myezwa, Investec. Panellists: Matthew Pouncett, Laurium Capital; Pooja Tanna, Perpetua; Clarissa van der Westhuyzen, Fairtree; Andreas Tindlund, Abax Investments.

tail risks for investors, Storr added.

There were good opportunities for investors seeking to diversify into the South African market, he added, notably

Foreign investor viewpoint with Marcus Storr, FERI (left), in conversation with Craig French, Visio Fund Management.

in long/short equity approaches.

FERI's due diligence approach went beyond quantitative factors, to the soft factors such as team dynamics, which had implications for risk management.

Storr likened the SA market to that of Brazil – with both markets having a strong, well-accepted onshore hedge fund industry, good service providers, and a close relationship with the local regulators.

INVESTORS HIGHLIGHT PROBLEMS TO SOLVE

The Symposium closed as usual with a panel session of investors featuring Senzo Langa of Alexander Forbes, Kagiso Mathole of Momentum Investments, Given Phaladi of Regive Capital and Elmien Wagenaar of THINK.CAPITAL – but moderated this time by a manager, Jean Pierre Verster of Protea Capital Management.

The investors noted how they each served a slightly varying client base ranging from pension funds and other institutions to more retail-focused distribution networks. Likewise, some focused solely on hedge funds, while

The problems we solve. From left, moderator: Jean Pierre Verster, Protea Capital Management. Panellists: Kagiso Mathole, Momentum Investments; Elmien Wagenaar, THINK.CAPITAL; Senzo Langa, Alexander Forbes; Given Phaladi, REGIVE Capital.

Keynote 'South Africa: Reform and Recover' from Keabetswe Mojapelo, RMB economist.

others also allocate to other alternatives including private equity and private credit, as well as more bespoke mandates.

In terms of approach, Wagenaar highlighted how a lot of portfolios were based heavily on historic returns – when to invest successfully you always need to look forward.

Mathole also noted how not all well-performing funds will necessarily enhance portfolios going forward.

Langa noted how many of the first generation of hedge fund managers in SA were now getting older – into their 50s and 60s – which pointed to the need to get more players in their 30s and 40s coming through.

The discussion thus also touched on the perennially tricky question of transformation, where panellists generally agreed that some progress was being made on the advancement of more black and female employees – though, as Phaladi said, the industry still needs to make further progress.

Wagenaar also highlighted the need for the industry to help drive more financial inclusion generally in SA – including access to hedge funds.

SOUTH AFRICA: REFORM AND RECOVER

In a session entitled 'South Africa: Reform and Recover', RMB economist Keabetswe Mojapelo noted that South Africa's fourth-quarter GDP numbers had "surprised on the downside" continuing a trend of growing below parity, with no significant growth seen for over a decade.

Demand-driven growth had mostly come from household expenditure, helped last year by the Two Pot Retirement System (allowing for a portion of early withdrawals) and loosening of monetary policy.

However, external factors continued to be the biggest drag, including logistics and electricity manufacturing, while household consumption, which accounts for around 66% of total GDP, was the key to "getting the growth we need".

Business confidence had already stalled (prior to tariff news), with 55% not satisfied with business conditions and reluctant to invest.

"You're not going to see that push from private investment until a lot of these uncertainties unwind in the economy," he said.

A lot of work had been done on ports and rails, presenting long-term structural solutions, but cyclical support was needed in the medium term from household spending and corporate investment.

Energy investment offered support during bouts of loadshedding, which were likely to continue because of ageing infrastructure. However, water issues were increasingly coming to the fore, due to municipal malfunction and lack of expertise.

He added that US President Donald Trump was impacting both global and domestic politics, with worries around the future of trade policy, which also affected the rand. The value of the currency would drive the inflation outlook, and the Reserve Bank's view on risk.

SURVIVAL OF THE FITTEST

In a discussion entitled "The specialist alternative asset manager: survival of the fittest", sponsored by Maia Technology, panellists discussed how AI and leading-edge innovation is shaping the future specialist investment manager landscape.

Vincent Anthonyrajah of Differential Capital noted that asset managers needed dual efficiencies from their technology stack. They needed to meet intense demands from clients and regulators for transparency via focusing on the middle and back office, while on the front end investment teams faced a wall of information, which they needed to process as efficiently as possible.

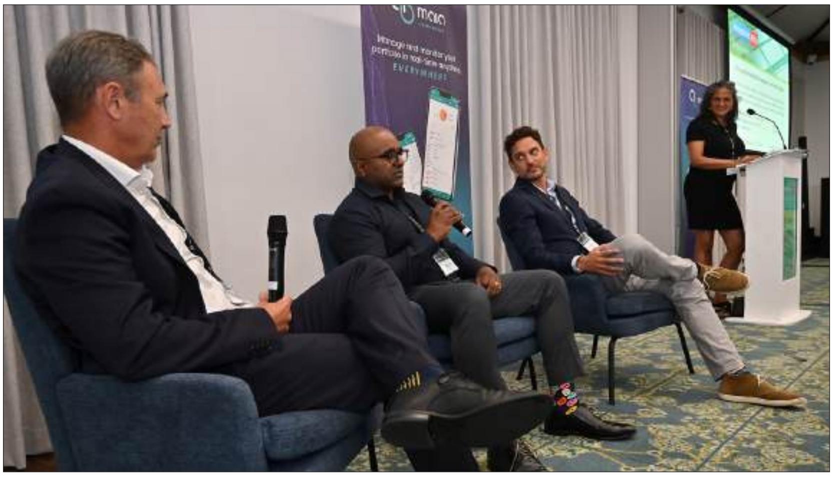
Stephan Engelbrecht from Mazi NextGen agreed that businesses needed to adapt to new technologies, including AI and machine learning.

"The competition out there at the moment is not about whether you are the best guy at analysing a company; it is whether you can distill information so that it is easily analysed and efficiently absorbed, so you can make your decisions as quickly and efficiently as possible."

André le Roux at Apex said South African fund managers – particulary start-ups – should focus on their strengths and outsource non-core functions, which was possible due to the country's highly skilled service providers. He added that the three-year period needed to build a track record was challenging for new managers, and partnering with a good service provider was key to staying ahead.

Anthonyrajah said his firm was founded on technological transition, including AI, but implementing new technologies could quickly ramp up costs and, with a plethora of vendors out there, startups needed to do their due diligence and trial systems.

"Spend a lot of time thinking about the data environment that you want to invest in," he said.



The specialist alternative manager: Survival of the fittest. From left, panellists: André Le Roux, Apex; Vincent Anthonyrajah, Differential Capital; Stephán Engelbrecht, Mazi NextGen. Moderator: Niki Natarajan, In Ink (London).

"Going forward, the future of asset management is going to be about who can get the data, who can analyse the data, rather than who has the biggest

BlackRock Masterclass Building more resilient portfolios

This year's BlackRock Masterclass focused on building more resilient portfolios, with BlackRock's Megan Colarusso noting that hedge funds and liquid alternatives have become much more central to conversations across a wide breadth of clients, with a particular emphasis on diversification in portfolios.

Citing in-house research, Colarusso said that for a decade leading up to the Covid pandemic "it didn't really matter if you were in stocks or bonds. You had similar return outcomes, and most risk during that period was rewarded".

However, more recently volatility has been elevated across asset classes. "Getting the asset allocation right has become more important – not just one time, but over time."

The pandemic marked a turning point. A greater spread between stocks and bonds emerged along with a greater dispersion across different countries and regions, and across different segments of the fixed income market. That environment has since changed.

"The positive correlation between stocks and bonds in 2022 was well telegraphed and it has persisted. In the past 15 months when stocks were down, bonds were down in 14 of them.

"Generally speaking, we've seen stocks and bonds move together when we've had inflation above target. Our base case is that inflation will continue to miss a little bit to the high side."

In light of this correlation, alternatives had a proven role to play. In the months where stocks and bonds have been correlated, hedge funds and liquid alternatives provided more resilience. When stocks and bonds are making money, hedge funds don't keep up fully, but they are able to generate some positive returns.

BlackRock Masterclass: Building more resilient portfolios. Presented by Meghan Colarusso, BlackRock.

A key driver for liquid alternatives and hedge funds is not just directionality, but dispersion, Colarusso said.

BlackRock used hedge funds in various ways, one of which was for the diversification benefit, where it looked to identify strategies that did not rely on the direction of stocks or bonds.

It prioritised strategies with a proven track record that matched the intended outcome, of making gains when markets were down.

"If we were just looking to mitigate risk in our portfolios, we would sit in cash," she said. "We need something that can also generate some real outcomes."

"Don't just rely on fixed income for diversification; think about using liquid alternatives or hedge funds," she added. "Even within your hedge fund allocation, you want to be diversified – different hedge fund styles capitalise on different sources of dispersion, different underlying sources of return. A particular style might be more attractive at a given time, but in general we're wanting to combine different styles that give us that resilience, even within the hedge fund portfolio."

She noted that over the past five years, if a typical 60:40 equities/fixed income portfolio had redirected 15% from fixed income into hedge funds, the result would be both increased return outcomes and reduced risk. Sourcing the hedge fund allocation from the equity book would produce a different risk-return pattern.

"Clients are very much looking to increase their exposures in this space," she concluded. "It needs to be consistent with your market view, and done really thoughtfully. To arrive at the required outcome requires diligence in portfolio construction … and it can be hugely powerful in meeting client outcomes."

A prime brokers' perspective. From left, moderator: Neil Wilson, HedgeNews Africa. Panellists: Matthew Rattray, RMB Morgan Stanley; Kearabilwe Nonyana, Scope Prime; Kobus Esterhuyzen, Peresec; Chris Edwards, Absa CIB.

Leveraging Convexity. From left, introduced by, George Tsinonis, RisCura. Presented by Bruno Schwalbach, Ironclad Asset Managers.

analyst team," said Engelbrecht. That said, any technological solutions had to be clearly linked to investment philosophy and alpha generation.

Le Roux stressed the importance of precision and automation, noting that Apex used robotics extensively for menial and repetitive tasks, with incremental automation, and he was starting to see a use case emerging for blockchain.

Panellists agreed that investing in technology was vital, and firms should not be afraid to change service providers if their current system was outdated or not serving their changing needs. Ultimately, building relationships and spending time with potential investors was core to securing allocations, which remained a long-term game.

PRIME BROKERS: INDUSTRY TRENDS AND EVOLUTION

The prime broker session focused on industry trends, standards and positioning, giving a behind the scenes view of how hedge funds, both local and global, are playing the South African markets.

South African prime brokers noted that they formed dynamic relationships with their hedge fund clients, with services extending beyond offering balance sheet, excellent execution, custody and clearing.

They also played a key supporting role across the ecosystem, as an important voice for industry, dealing with fund managers, investors, regulators and exchanges.

Matthew Rattray of RMB Morgan Stanley noted that growth in the global industry had been largely into big multi-strategy funds, some of which had now started looking at allocating to South African managers via managed accounts.

"We've seen more interest than we've seen in a very long time," he said. "That's going to be exciting for the market, because the ticket sizes are quite decent."

Local hedge funds had performed well over 5-10 years, yet assets had been stagnant, and it was good to see the interest of big players who were looking for different ways to allocate.

Chris Edwards from Absa said over the last five to 10 years there had been much higher demand for global access from the manager base it interacted with. The challenge for prime brokers was to ensure they could extend appropriate prices, balance sheet and market access, by geography and asset class.

"We are here to enable fund manager growth by facilitating their portfolio implementation. That's been an area of focus for our business: supporting domestic managers here in South Africa with that global access factor, and then increasingly for internationals who are looking for access into SA," he said.

Kobus Estherhuyzen, director of Peresec, noted that as prime brokers, part of their role was to "make it easy for the investment managers to do their magic", which included keeping abreast of industry changes, regulation and technology.

"We definitely see a lot more focus on international," he agreed. "Many of the fund managers that have grown up with us over 20 years have become good enough to compete globally and we very happy to support them in their journey."

Kearabilwe Nonyana, who leads the Africa division for Scope Prime, said they looked to provide global market access as well as to quickly adopt bolt-on technologies, so that managers could do everything in one place. They also had the ability to access obscure exchanges such as Kenya and Egypt.

LEVERAGING CONVEXITY TO ENHANCE EQUITY RETURNS

Bruno Schwalbach of Ironclad Asset Management presented the findings of his PhD thesis, in a session chaired by RisCura's George Tsinonis.

Schwalbach's research focused on portable alpha "done right", trying to improve the compounding profile of an equity portfolio.

"Equities play a crucial role in all of our lives," he said. "And one feature of equities exposure is that it sometimes falls, and sometimes by quite a lot."

Large losses could be very damaging to the compounding nature of a long horizon portfolio. The traditional environment, such as bonds or gold, did not offer sufficient protection, and the best defence was to attach negatively correlated and reliably convex return streams to the equity portfolio, such as those offering a massive payoff when equities fall hard.

"We have found that overlaying trend following and tail risk hedging strategies significantly improves that outcome and gives investors an expectation of a higher return," he said. "We think the portable alpha framework is the very best approach to do that."