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Mixed *signals*



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Mixed signals



By Gwyneth Roberts, editor

Global markets were highly complex in the third quarter, marked by gains in large-cap tech counters combined with rising bond yields, energy price pressures, and macro/geopolitical friction.

It has been a challenging environment to navigate – even though hedge funds have tools and skills that can help protect against downside risks, an opaque and changeable landscape carries risks all round.

In our latest *Investor Survey* we polled leading allocators to hedge funds and other alternatives, to gauge their views (pages 26-39).

"The key message is that this is a higher-volatility world in which inflation, geopolitics, fiscal policy and technological disruption are likely to create both significant risks and attractive investment opportunities," said Kagiso Mathole of Momentum.

"I expect greater dispersion across countries, currencies, interest rates and commodities. This should favour active management and strategies capable of exploiting relative-value opportunities, while making diversification increasingly important," he said.

Kwazi Mbhele of Novare Investments also favours strategies that can adapt as conditions change, and generate returns without being entirely dependent on traditional markets moving higher.

"For investors, the difficulty is that there are several plausible macro outcomes rather than one clear direction," he says. "Markets have also demonstrated that relationships between asset classes can change quickly ... In this environment, diversification across genuinely different sources of return becomes increasingly important."

Investors we polled all believe that hedge funds have an important role to play, accessing differentiated return drivers with the ability to generate returns independently of market direction.

Do all hedge funds make money all of the time? As our year-to-date performance tables show, there can be a wide dispersion of returns across funds and categories.

"Twenty-five years of analysis has taught us that it is a myth that all hedge funds make money under all market conditions," argued Elmien Wagenaar of THINK.CAPITAL, noting how different funds thrive in different environments.

"Our role on behalf of investors is to discern whether underperformance is proof of strength (of conviction) or weakness (of strategy or risk management)," she said.

When allocating, Given Phaladi of Regive looks for managers with strong conviction, supported by consistency, discipline and accountability. "We also place significant emphasis on understanding how the manager manages risk, particularly during periods when the strategy is under pressure," he said.

Phaladi added that a period of underperformance on its own would not necessarily trigger him to redeem from a manager. Regive assesses performance in the context of the strategy, market environment and the manager's investment process.

When allocating to a hedge fund, Jacques de Kock of MitonOptimal looks for a differentiating strategy and non-correlated return profile. "Blending hedge funds can provide something many long-only portfolios struggle to achieve – real diversification benefits. Not just a 'different view' but actual mathematical diversification without giving up on upside returns," he said.

In this edition, we also spoke to some impressive managers who have built strong track records in their respective areas of expertise.

Chrysalis Capital has reached the 18-year mark, offering debt solutions to South Africa's medium-sized businesses as an alternative to traditional bank funding. Headed by Carl Combrinck, the team applies its banking expertise and broad networks to the private debt space (pages 7-9).

Southchester Investment Management, a specialist fixed-income asset manager, is celebrating 15 years, built from a belief that investors deserve better access to income-generating opportunities (pages 20-21).

For its part, Independent Alternatives, founded by Grant Hogan and Tatenda Chapinduka, is nearing the 10-year mark. The company has made significant strides in its dual mission: providing clients with an alternative way to reach their financial destinations aided by the tools of modern finance, while also incubating the next generation of hedge fund managers (pages 10-13).

With a focus on the future, while traversing the ever-complex present, we look forward to seeing how managers in our universe face the challenges of the final quarter to round out an unforgiving 2026.

Fairtree launches defensive multi-strat fund targeting lower-volatility returns

Fairtree has extended its multi-strategy hedge fund range with the launch of the Fairtree Wild Fig Defensive Multi Strategy FR Retail Hedge Fund, which went live in July.

The fund taps into Fairtree's broad expertise in the multi-strategy space, where its solutions allocate to a range of specialist Fairtree hedge fund strategies across three asset classes (equity, fixed income and commodities).

Its objective is to generate absolute returns irrespective of market direction while preserving investors' purchasing power over time, with a focus on investment stability and downside protection. It has R100 million under management.

"The fund came about through discussions with investors," says Kurt van der Walt, who co-manages the Wild Fig funds with Kamini Naidoo and Bradley Anthony. "It has a similar asset allocation as our existing Fairtree Wild Fig Multi Strategy Retail Hedge Fund and Fairtree Wild Fig Multi Strategy QI Hedge Fund, with the same process, team and philosophy. But it is a slightly lower-risk solution with volatility expected to be more in line with bonds than equities, and slightly lower gearing."

Fairtree has R9 billion under management in its multi-strategy funds, which include the RIHF, QIHF and the Fairtree Wild Fig Multi Strategy USD Segregated Portfolio, providing investors with different access points into the strategy.

The funds allocate to 15 underlying strategies run by Fairtree's specialist, independent portfolio management teams, who are responsible for underlying security selection and alpha generation within asset classes, without a centralised house view, but with centralised capital allocation and risk management.

The flagship QIHF launched in August 2010 and returned a net annualised 19.99% compared with 6.47% from the STeFI composite.

It targets a volatility profile in line with the JSE All Share Index and is best suited for investors with a long-term time horizon of five years or more.

The RIHF launched in June 2023 to broaden retail investor access and is available on a number of investment platforms.

The Wild Fig strategy's capital allocation team is responsible for strategic asset allocation, capital allocation across underlying strategies and aggregate portfolio risk management. The team takes an integrated view of the portfolio, considering the diversification benefits, risk contributions and interactions between strategies to manage the portfolio towards its overall investment objective.



Kamini Naidoo



Kurt van der Walt

Portfolios are reviewed and rebalanced regularly towards their strategic asset allocation, with adjustments made in response to material market developments, changes in portfolio risk or investor flows.

"The defensive fund offers an entry point for new investors who prefer a lower-volatility solution," says Naidoo. "We have the building blocks in place with all our underlying strategies – the new fund looks at a slightly different asset allocation arising from the same strategies. It suits the needs of some investors, particularly allocators managing cash-plus and cautious mandates who are more cognisant of short-term drawdowns and negative returns."

Van der Walt notes that backtesting of the defensive strategy over the past decade, during which all underlying strategies were live, reflects a net annualised return of cash + 4% – versus 19% from the QIHF – with much lower volatility.

"There will be co-movement between the funds given the underlying asset allocation, but we expect the magnitude of that movement to be subdued in the defensive fund," he says.

Van der Walt and Naidoo note that the beauty of a multi-strategy product lies in its ability to combine different asset classes and strategies to diversify the portfolio's risk and return drivers, with different strategies contributing at different points in the market cycle. The construct also allows the fund to leverage its balance sheet efficiently, scaling the solution while managing risk at an aggregate portfolio level.

The RIHF ended the third quarter 7.1% higher and has gained 3.5% this year to the end of September.

Naidoo notes that the team entered the year constructive on South African equities and the broader global macro environment, with a positive view on gold. However, strong momentum-driven markets in the first half, which favoured certain cyclical and resource stocks over quality-oriented investments, weighed on equity strategies. The subsequent escalation of tensions in the Middle East and the resulting oil shock drove a reversal in several market themes, creating further volatility.

"Elevated dispersion across markets is providing opportunities for our market-neutral and relative-value strategies to exploit pricing inefficiencies," she says. "The shift in interest-rate expectations has also created opportunities for our fixed income strategies, which continue to see scope for a less hawkish rate path than markets are currently pricing."

In addition, commodities arbitrage has contributed positively over the year, capitalising on spread dislocations in soft commodities driven by El Niño expectations, alongside opportunities arising from regulatory changes and shifting consumer behaviour.

"We are constructive on the SA macro environment, although a clear catalyst is needed to filter through into asset prices," says Naidoo.

"We are incredibly excited about the defensive fund and expect it to attract long-term attention," adds Van der Walt. "We look forward to compounding conservative positive returns over time through a stable and defensive portfolio."

Steyn offers single access point

Steyn Capital Management has launched the Steyn Capital EM and Frontier Dynamic Allocation FR QI Hedge Fund of Funds, offering a single rand-based access point to its inhouse fund range across geographies.

The fund's rationale is to offer access to Steyn's four geographic strategies: South African and emerging markets hedge, as well as African and frontier equity. All the underlying funds have been strong performers over time, between them winning 14 *HedgeNews Africa Awards*.

CIO André Steyn, who manages the new product, said: "We did not set out to launch a fund of funds and we are not trying to compete with South African multi-managers, many of whom are our investors. But we have always wanted a combined offering, which invests via one structure, and this format provided the solution."

Steyn has been successfully managing the strategy since September 2024 on behalf of a pension fund.

"It has operated very successfully for the past two years and we have now formalised the structure so that other investors can access it," he says. "The strategy has outperformed the Johannesburg Stock Exchange by six percentage points per annum in the last two years, with volatility of 8.3% versus 14% from the JSE. So it has done what we set out to do – we are looking for equity-like returns, hopefully market-beating, with lower volatility than the indices."

Given its existing mandate, the fund launched at size in September with R1.1 billion under management.

"It is good to get out of the gates at institutional scale," says Steyn.

Before launching Steyn Capital Management in 2009, Steyn was CEO and partner at Temujin Fund Management UK, where he was responsible for non-US investments.

He heads an established investment team of nine professionals, including five CAs, who take a value-oriented approach to publicly traded equities in South Africa, Africa, frontier and EM.

The team includes James Corkin, who is lead SA analyst and portfolio manager of the global EM hedge strategy, and Bernard Griesel, lead Africa analyst and portfolio manager of the frontier strategy.

In 2013, the team decided to extend their horizons beyond Africa, resulting in a mammoth research effort. They sifted through the 40,000 listed companies in emerging and frontier markets using their forensic accounting approach, arriving at a high-quality list of around 4,300 names.

"Our proprietary idea-generation engine gives us licence to manage money outside of Africa," says Steyn. "We have done the work, the data is clean, and our research team continues to apply their skills to these under-researched markets."



André Steyn

Steyn has been managing South African long/short portfolios since 2009, with its Steyn Capital FR QI Hedge Fund adding a net annualised 16.68% since inception. The fund is flat on the year.

The Steyn Capital Africa Fund has returned a net annualised 10.88% since inception in September 2011, and it has gained almost 30% this year, in US dollars.

The Steyn Capital Frontier Fund, which launched in January 2018, has added a net annualised 16.87%, and is also almost 30% higher year to date, in US dollars.

The Steyn Capital Global Emerging Markets Hedge Fund has returned a net annualised 8.18% since launch in February 2022, and is 2% lower so far this year, in US dollars.

"We see the power of combining a range of inefficient markets into one," says Steyn. "With dynamic allocations, we can move around and gain exposure where we see the best ideas."

"The benefit of this product is that it gives blended access to our strategies. Our frontier and Africa funds are both up more than 30% year to date while global EM and SA have had much quieter years. Markets are driven by different things and the fund of funds structure balances that."

At present, 25% of the portfolio is invested in SA hedge, with 37% in emerging markets hedge, 21% in African equity and 15% in frontier equity, with exposure to 23 different countries.

Steyn's two most recent portfolio moves have been to harvest African exposure in favour of frontier equity, while also building up the SA hedge strategy.

"We see pockets of opportunity in SA domestic-focused businesses, particularly mid and small caps, many of which have been left for dead," says Steyn.

He notes that Indian companies are buying South African businesses – such as Solar Industries acquiring Omnia Holdings and Natco Pharma taking a stake in Adcock Ingram – while local financial services group Sanlam has made a recent play for Santam.

"These are smart people who know how to work a calculator; they see the opportunity," he says. "SA Inc businesses stand out on a global basis and it is an area we are most excited about. We are stocking up on SA opportunities."

He also sees opportunity in large franchise businesses in China.

"Tencent shouldn't be trading at 11 times earnings," says Steyn. "Other Chinese businesses are also significantly undervalued. Our EM sleeve currently has the largest exposure to China that we have ever had."

Steyn Capital was net short China in 2022, turning positive at the end of 2023 and building up exposure to current levels of about 20% of its EM allocation.

The team also sees good prospects in Southeast Asian markets, particularly Indonesia and the Philippines, which "have been decimated" due to a loss of investor confidence.

For example, Indonesia's economic promise as the world's largest nickel producer has been marred by the heavy-handed economic interventionism of left-leaning President Prabowo Subianto, who assumed office in late 2024. The Jakarta Composite Index is the world's worst performing year to date, down more than 40%.

"International investors have become disenchanted," says Steyn. "We have found good businesses in the wreckage."

The investment team discusses each geography weekly, although Steyn will typically only make monthly adjustments to the fund of funds portfolio, given that some underlying mandates are monthly traded.

"We make very considered and intentional asset allocation moves," he says. "This is not day trading."

The majority of the portfolio (65%) is currently in hedge fund mandates, with the remainder in Africa and frontier funds, where markets do not allow shorting but where Steyn takes a capital-preservation mindset.

"By and large, all of the countries we have exposure to are seeing 4-5% GDP growth, with the exception of South Africa," says Steyn. "African markets have been strong this year, driven by earnings growth and an expanding opportunity set. We still see meaningful upside for our portfolio companies, based on earnings growth potential and multiple reversion.

"With some opportunities – like South Africa and Southeast Asia – we are investing but that exposure is not yet driving returns. At some point, those headwinds will become tailwinds, which should benefit the portfolios."

"Historical precedents demonstrate that these valuation extremes have consistently represented highly asymmetric and attractive entry points for long-term capital deployment," he says.

Steyn Capital Management now has AUM of more than R20 billion across its funds, including long-only and hedge mandates.

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Aug 2026 Van den Berg returns to Fairtree



Hannes van den Berg

Hannes van den Berg rejoined Fairtree on October 1, bringing more than 22 years of investment industry experience to the team.

Van den Berg returns to Fairtree after more than nine years at Ninety One, where he served as co-head of SA equity & multi-asset within the 4Factor team. In this role, he had portfolio management responsibilities across the general equity and balanced strategies, as well as equity hedge funds.

Van den Berg previously spent nine years at Fairtree, where he was a portfolio manager and analyst, and established the equities trading desk.

"We are very excited to welcome Hannes back to Fairtree. Having worked together before, we know that we share the same values and approach to investing. Over the past two decades, Fairtree has built an established and experienced investment team with a strong track record across all our capabilities. Hannes brings significant investment experience and a deep understanding of our industry, and we look forward to the role he will play as we continue to pursue investment excellence and deliver strong outcomes for our clients," said Kobus Nel, Fairtree Group CEO.

Van den Berg will take on a role as a portfolio manager within Fairtree's hedge fund capabilities, while also playing a role in Fairtree's multi-asset strategies.

Van den Berg will further play a key role in advancing Fairtree's long-term strategy and supporting the continued growth of its hedge fund capability and multi-asset strategies.

He will work alongside Fairtree's established teams to build on their strong track record and maintain a clear focus on delivering investment excellence for clients, while remaining anchored in the values and culture that define Fairtree. *More online*

Oct 2026 IG Prime teams with Investec for white-label offering

IG Prime, the institutional arm of IG Group (a FTSE 100 company), has partnered with Investec Prime Services, a business unit within Investec Bank, for its institutional white label solution.

The solution provides institutional clients in South Africa with access to IG's multi-asset global trading platform under the Investec Prime Services brand. The partnership demonstrates IG's focus on expanding market reach and accelerating growth through customised, technology-powered collaboration.

IG Prime's institutional white-label solution delivers comprehensive advantages to partners, including global market access (a full range of derivative products, spanning equities, indices, foreign exchange, commodities and fixed income, drawing on around 19,000 financial instruments IG offers globally, including 12,000 different equities), superior trade execution, extended trading hours, end-to-end platform integration and compliance excellence.

IG Prime's brokerage business has a proven track record serving institutional funds and clients with synthetic, trading and financing solutions. The platform provides global market access via desktop and mobile channels, and proprietary execution systems. *More online*

Oct 2026 SA hedge fund assets show strong growth

South African hedge fund assets climbed to a record R187.2 billion in 2025, up 22.6% from R152.7 billion the year before, as strong domestic markets and increased flows into retail-accessible alternative strategies pushed the sector closer to the R200 billion milestone, according to the 23rd *Novare Annual South African Hedge Fund Survey*, released in early October.

The results mark another significant step in the evolution of South Africa's hedge fund industry, which Novare has tracked since 2002. The R34.5 billion increase in assets under management was driven almost evenly by investment performance (R20.3 billion) and net investor inflows (R15.4 billion), across 156 funds and 51 participating investment houses.

"What is particularly notable about 2025 is the changing accessibility of these strategies to a broader range of investors," said Olaotse Leepile, CEO of Novare Holdings. "The fact that retail investor hedge funds have now become the largest category by assets reflects an important evolution in the market. As the industry continues to grow, investor education and understanding of the role alternative strategies can play within a diversified portfolio will become increasingly important." *More online*

Oct 2026 Mazi marks 20th year with foundation launch

Mazi Asset Management has launched the Mazi Foundation, marking its 20th year, which will build a community hub in one South African location with the aim of creating a repeatable model.

Mazi board chairperson, Ambassador Barbara Masekela, announced the foundation at Mazi's 20th anniversary dinner, describing it as the brainchild of Mazi founder Malungelo Zilimbola, who believes that a company that has succeeded commercially "must also plough back into the community that has made it successful".

The plan is for a "life hub" that serves people "from cradle to grave": a safe place for children to learn and play, a sense of purpose for young people, a meaningful role for adults, and a place for elders to pass on what they know. The foundation has yet to name the community that will host it. Masekela said the site will be chosen so the project "grows naturally" and reflects the realities of the people living there.

The hub will be built in three phases, starting with literacy programmes, after-school activities, mentorship from skilled pensioners, community gardens, and drug prevention and counselling services, alongside artists and athletes who will work with young people. The second phase adds sports and cultural facilities, science and technology labs and wider wellness services. By the third phase, Masekela said, the hub should have grown into an intergenerational facility where health, counselling and recreation sit under one roof.

"Our communities are calling not for charity but for partnerships, not for promises but for action," Masekela said. *More online*

Chrysalis builds lasting value through disciplined private credit investing

Chrysalis Capital's Carl Combrinck explains how expertise, strong relationships and a focus on resilient cash flows have driven 18 years of consistent returns

Chrysalis Capital has built a strong 18-year track record in private credit, making it South Africa's oldest private credit fund in the mid-sized space. Chrysalis offers senior and mezzanine debt solutions to the country's medium-sized businesses as an alternative to traditional bank funding.

Launched in August 2008, the Chrysalis Private Credit Fund has generated positive monthly returns since inception, and a net annualised 11.37% per annum over 18 years, exceeding its target of CPI plus 6% returns with minimal correlation to the market.



Carl Combrinck

Chrysalis now has AUM of R2.5 billion, with R522 million in the fund and the remainder in segregated mandates.

Managing partner Carl Combrinck, who was previously head of leveraged finance at BOE Private Clients, heads a team of ex-bankers who use their networks, banking experience, deal-making ability and market knowledge to compete with traditional banks as a viable lending alternative.

"We leverage our banking expertise and networks to source off-market and exclusive credit opportunities that generate consistent risk-adjusted returns," says Combrinck. "We deal with high-quality borrowers with strong balance sheets, who operate in growth sectors of the real economy. We focus on cash flow and seek non-binary risk. By being efficient, providing certainty and forging quality relationships we manage to generate disproportionate returns relative to the risk profile of our investments."

Chrysalis has built a diversified portfolio and currently lends to 53 businesses, with 28 in the private credit fund. Average loan size across the book is around R47 million, with each loan averaging 1.9% of the total portfolio.

The fund limits loans to a tenure of two years while the segregated accounts, which are managed for large institutional investors, mostly allow for a five-year duration. The weighted average duration of loans in the fund is currently 7.8 months.

Combrinck notes that private credit has become a growing sector post the global financial crisis, with a pronounced movement offshore for non-bank funders such as pension funds and life companies to allocate to private credit funds, taking market share away from banks.

The trend has different characteristics in South Africa, where Chrysalis works closely with banks, who refer deals to them and vice versa.

"There is a misconception that the companies we fund are not eligible for bank funding – 45% of our book consists of borrowers with NAVs of greater than R500 million, whom the banks would like to finance. As ex-bankers, we're close to the banks and we deal with them a lot. Banks are bureaucratic, and getting worse. Bigger companies reach prudential limits and then the banks start dictating what they can and cannot do," he says. "Often, businesses need certainty and they need a partner that offers certainty and a personal relationship."

A property transaction the fund completed many years ago illustrates how banking inefficiency creates opportunities: Chrysalis partnered with a property company with a R5 billion balance sheet that owned an upscale mixed-use development in Johannesburg. They had just concluded a R2.5 billion syndicated loan facility with the banks, but they needed quick access to R50 million to fund the tenant installation for a new office tenant coming into the precinct.

"In a scenario like that, banks might take up to six months. We were offered a first mortgage bond over a piece of the property and there was a massive entity supporting the loan. That's an example where the banks couldn't help. A lot of it is to do with banking inefficiency, or deals that don't fit into a box," says Combrinck.

The Chrysalis team now comprises four partners and dealmakers, based in Cape Town and Johannesburg.

Nick Goldblatt joined five years ago, and was previously at Investec Structured Property Finance, where he managed an R8 billion book. Head of risk Trish Swanepoel joined Chrysalis at the outset in 2008 and has 25 years' experience, working previously at BoE Private

Clients, while Melanie Arendse joined from Curo as senior fund administator in 2019. Khula Naku joined in 2023 as senior internal consultant, having worked at commercial property lender TUHF for more than 11 years.

Last August, Chrysalis suffered the tragic loss of partner Mark Pienaar in an accident.

"Mark was a close friend, a valued partner and a colleague who was loved by all. He played an integral role in the growth of Chrysalis for the 13 years that he was a partner as he was a prolific dealmaker. He will always be in our hearts and memories," says Combrinck.

Chrysalis moved quickly to bolster its dealmaking abilities by appointing a few strong professionals to the team. Niyaz Moola, a CA(SA) and associate partner, started working with the team in January 2025 and spearheads the growth of its working capital funding solutions to corporate clients, with a focus on supply-chain finance. He spent 10 years with RMB Corporate & Investment Bank in various leadership positions and prior to that was at Old Mutual Specialised Finance for nine years.

Associate partner Siegfried Uken joined in April 2026 as a senior dealmaker to establish the Gauteng operation. He was previously head of property at Creation Capital and has 23 years of banking experience, including as FNB's national head of commercial property finance.

Zwothe Mateka joined in June 2026 as a junior analyst, evaluating investment opportunities and assessing credit risk. She is a CA(SA) and completed her accounting articles at BDO South Africa.

The Chrysalis advisory committee includes Gerda du Prez, formerly regional head of credit risk for Nedbank Corporate Property Finance; Jared Abels, a director at TriAlpha Investment Management; and Mark Murning, who was previously CEO of Sanlam Capital Markets and Sanlam Specialised Finance.

Combrinck notes that the Chrysalis investment proposition has a limited correlation to the broader economy. "We try to fund businesses that are resilient through all cycles, or are in growth pockets of the economy. And those growth pockets change over time," he says. "Our job is to see when a specific sector is getting overheated and when we should get out. So our exposures do change over time."

Property financing is the backbone of the fund, across commercial, industrial, retail, residential and retirement property, distinguishing it from many other private debt propositions. He notes that as a hard asset, property has given the team comfort and delivered good returns, generating cash flows as well as providing a physical underpin to their loans.

> **"Our philosophy is to try and do repeat business. That sets us apart. We find guys who are good at what they do, and we try to build long-term relationships with those individuals."**
> *Carl Combrinck*

"As a team we have decades of experience in property, from our dealmakers to our implementation team, as well as the attorneys and valuers with whom we have worked over many years. It means that a lot of our book is senior secured with first mortgage bonds," says Combrinck. "We've built up a lot of experience in the market, we understand which properties are well-located, saleable and sought after, and which form good security for us."

Besides property, current themes in the portfolio include telecoms, wellness, asset management and corporate services.

"The theme that runs through most of the corporate deals we finance is that we are looking for sustainable and predictable free cash flows," says Combrinck.

For example, the corporate services company it backs is a cash-generative business, with predictable cashflows and no cash drag in the terms of working capital or capex.

"It's a diversified revenue stream. It doesn't need a lot of capex or working capital. And it's predictable," says Combrinck. "You can back-test it and stress-test it. You can look at how much client churn there was. Ultimately there's a level of debt which is acceptable against those future cashflows, and it is our job to find that level."

It is key for the team to establish that a business is making the right decision to take on debt. "We need to know that it makes sense to them. So we test it for ourselves. Sometimes we'll say to people, listen, your margins aren't big enough. It doesn't make sense for you to take on debt. We want a good outcome for any deal we do."

Chrysalis aims to do repeat business with companies led or owned by experienced individuals with a track record in their sectors.

"Our philosophy is to try and do repeat business. That sets us apart. We find guys who are good at what they do, and we try to build long-term relationships with those individuals. If they have a track record of success, it means that they've built a balance sheet and we consider that supporting balance sheet to be a very important risk mitigant in our deals. In banking circles, you talk about probability of default – one way that we reduce probability of default is by doing business with seasoned business people with strong balance sheets."

Understanding leverage is also very important. "You can't assume people know how to use debt to make money. Many don't understand the risks involved while others are very good at it. So we try to find those individuals, and then we try to do repeat business, because there's a massive difference between that and doing business with people off the street."

Across the book, 56% of its deals are repeat business, most in the property space.

"Once you build up the relationship, and you understand what the borrower does, it becomes very easy to do repeat business. And your risk reduces over time because, on the one hand, you see how that person handles debt and does business and, on the other, the person is building his or her balance sheet, which gives us additional comfort."

In most cases, such individuals person-

FUND FACTS

Chrysalis Private Credit Fund

Fund managers: Carl Combrinck, Nick Goldblatt
Inception: August 2008
Fund size: R522.5 million
Strategy: private credit
Administrators: GAEL Fund Services (Pty) Ltd
Auditors: Mazars South Africa
Attorneys: Edward Nathan Sonnenbergs
Compliance: Independent Compliance Services
Open to investment: Yes

Key advantages of investing in private credit:

- High yield compared to alternative options
- Returns linked to interest rates, offering inflation protection
- Uncorrelated with listed fixed income or equity markets, lowering volatility
- No leverage (unlike banks), minimising risk of capital loss
- Exclusive access to opportunities not available to the average investor

ally sign for the debt, with a level of trust that provides alignment and comfort.

Combrinck describes private credit as "a duck on water" – on the surface the returns are predictable and it looks easy, but there's a lot of paddling beneath the surface.

The fund has had one write-off early in its history, comprising 1% of the book back in 2009, which has been its only loss of capital.

"Capital loss has been minimal. But there have been many workout deals, where we've had to roll up our sleeves and recover capital from a distressed situation. Sometimes it's real distress and other times a deal is just going in the wrong direction. We step in, and make sure that we recover our capital. We keep a close watch on every deal in the portfolio and if we need to, we raise provisions early."

Every loan facility comes with a raising fee, in line with banking norms, which compensates for any cash drag on the portfolio and keeps returns stable.

Examples of property financing in the portfolio include a R400 million facility to a listed property company with an R8.2 billion NAV, a R106 million facility against a landmark mixed-use development in Cape Town CBD, and a R67 million loan to a retirement property developer with a R12 billion NAV.

"It's important to us that our investors are not trying to park cash. It needs to be a strategic decision to go into private credit – to generate a non-correlated return and a yield, which will reduce the volatility of a total portfolio."
Carl Combrinck

Empowerment funding has been a successful area for Chrysalis, with deals that include a R170 million facility to a level 1 BEE entity for the acquisition of 36 Caltex (now Astron Energy) service stations and a R26 million affordable housing development finance facility to a majority black-owned property company.

On the corporate side, Chrysalis was sole funder providing a term loan for the acquisition of MWeb by internet service provider Webafrica.

"A couple of years ago, we financed Webafrica to buy MWeb," says Combrinck. "It was a R180 million transaction, and that business has more than quadrupled in size. It is a predictable cashflow-generative business with hundreds of thousands of customers paying every month. We look for those types of transactions, and then we really get to know the decision-makers."

Chrysalis also focuses on building a high-quality investor base, offering six-month liquidity in the fund. It has capacity for up to R1 billion at present and sees a healthy pipeline of opportunity.

"It's important to us that our investors are not trying to park cash," says Combrinck. "It needs to be a strategic decision to go into private credit – to generate a non-correlated return and a yield, which will reduce the volatility of a total portfolio."

"We look for resilient or growth companies. We don't do distressed debt. We don't do startup businesses because startups should be taking on equity, not debt," he says.

"We don't want one-sided trades. Ultimately, the loan settles and we shake hands knowing that our borrower has used our money to make more money. So if you marry all of that, then the borrowers are winning, we're winning, and our investors are winning."

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Independent Alternatives builds scale through diversification and talent

Tatenda Chapinduka and Grant Hogan discuss the firm's growth, their differentiated investment approach and ambitions for the next decade

Independent Alternatives has come a long way since Tatenda Chapinduka and Grant Hogan set up the business almost a decade ago.

"We are proud of the culture that we've developed in our early years. We've seen that change for the better because we now have more people, more ideas and different perspectives, while the same underlying values remain as firm as on the first day we started," says Hogan, who is CEO and co-portfolio manager.

Before setting up on their own, Chapinduka and Hogan worked together at Sanlam Investments in the fund of hedge funds division. They have combined investment experience of more than 30 years.

The pair met as students at the University of Cape Town – where Hogan studied for a BCom (Hons) in Economics and Finance while Chapinduka earned a BBusSci in Actuarial Science and went on to gain his CAIA charter.

At Independent Alternatives, they are joined on the leadership team by Desiree Mpeta, who is head of operations, bringing 26 years of industry experience in finance and prime brokerage.

At the outset, their aim was to reach assets of R10 billion in 10 years.

"We started out very small and, at the time, our 10 for 10 strategy seemed fairly outrageous. But we are on track to achieve that," says Chapinduka, who is CIO and co-portfolio manager. "AUM is the best indicator of the success of an asset management business, because it means you've built a track record which allows you to attract assets."

Independent Alternatives uses a top-down, macro-thematic process combined with bottom-up quantitative analysis, encompassing fixed income, equity and commodity markets, resulting in a differentiated offering.

Starting out with R16 million, the business has grown exponentially in recent years, with more than R8 billion in AUM, managed across a number of products and investors. The company manages R2.5 billion in hedge fund investments and the balance is invested into portable alpha and long-only fixed income products.



Grant Hogan and Tatenda Chapinduka

Its range spans multi-strategy hedge funds, long/short equity hedge funds and fixed income hedge funds, equity portable alpha funds, and long-only fixed income products, including an active bond fund and a money market fund.

The diverse client base includes retirement funds, financial institutions, leading asset consultants, and retail and high-net-worth investors.

A dual mission

Independent Alternatives is a Level 1 B-BBEE contributor, and is 100% staff owned. The company has a dual mission. "The first is what we call 'Same Destination, Alternative Way'," says Chapinduka. "At the core of what we try to do is to get our clients to their financial destinations through an alternative way, enhanced by the tools of modern finance."

The team aims to deliver consistent risk-adjusted above-benchmark performance through a disciplined process, looking to add incremental alpha with less volatility than conventional products.

Its second mission relates to talent incubation and the legacy they want to build, linked to its Hedge Fund Academy.

"One of our core beliefs is that we need to democratise access to opportunities, especially in the hedge fund world. To reach its potential, the industry needs new talent and it needs to transform. We give young graduates the knowledge and tools to become the next generation of hedge fund managers."

This year, two young women have joined the Academy – marking its second official cohort – and both are quantitative analysts on the investment team. Siphokazi Gumbi has a degree in chemical engineering and an MCom in risk management for financial markets from UCT. Olwethu Dlamini holds a Bachelor of Science degree in finance from the Southeastern Louisiana

FUND FACTS

Independent Alternatives Muhu Multi-Strategy Prescient RI Hedge Fund

Portfolio managers: Tatenda Chapinduka, Grant Hogan
Strategy: quant-biased, macro-thematic, multi-asset
Inception date: January 2017
Structure: retail hedge fund
AUM: R1.15 billion
Prime broker: RMB
Manco: Prescient

University in the US.

The academy is a structured programme with work requirements. During their tenure, participants further their education, working towards either the CFA or CAIA charter. They are also representatives under supervision.

"Our new graduates are very capable, but they need the tools, guidance and mentoring to become future hedge fund managers," says Chapinduka. "We log all their experience, and after three years they become full reps in line with regulations. It's a fairly fast-paced programme, whereby within a year we expect them to start contributing meaningfully to the investment process."

Hogan and Chapinduka actively mentor their graduates, spending time with them each week.

"They sit in on all our meetings. After six months, they start coming up with investment ideas," says Chapinduka. "We look forward to seeing them develop the way our other graduates have."

Kgaugelo Mphahlele and Ziyanda Zulu graduated from the programme last year and are now junior portfolio managers. Mphahlele has a Masters in data science from the University of the Witwatersrand while Zulu has a BSc Honours in Mathematical Sciences, also from Wits.

"Kgaugelo and Ziyanda have grown significantly and now drive parts of the investment process, which has been very helpful as we've scaled up substantially. Having that layer of talent gives us clear lines of succession."

Diketso Phokungwane, who has a BSc (Hons) in Mining Engineering from the University of the Witwatersrand, joined in 2025 as a portfolio manager, having spent almost five years at Absa in credit trading and derivatives structuring. He was one of Independent Alternatives' earliest interns, back in 2017, and his return marks its success in building a pipeline of talent.

"Diketso spent two years with us, joining us over his holidays and then going back to study. So when he went to work at Absa, he had hedge fund experience, and that allowed him to slot into Corporate and Investment Banking," says Chapinduka. "Every year, we have about five to seven students spend time at our offices. Some get on to the Academy programme while others are interns for shorter periods or come for the work experience. I used to supervise the honours students in the actuarial stream at UCT and Stellenbosch, and many of those students have come through our doors."

On the operations side, Mpeta heads a team that includes Zukisa Xotyeni as data and risk manager, Sizakele Radebe as office and admin manager and Thandiwe Khoza as office assistant.

Chapinduka and Hogan have long fostered talent in the space – in their earlier days, they were involved in the Sanlam Alternatives academy, nurturing young graduates who have gone on to bigger things in the industry.

"We are so proud of that initiative, because that is transformation. When you give an opportunity to somebody who's prepared for it, the outcomes always surprise you," says Chapinduka.

At Independent Alternatives, they have focused on creating an enabling environment, which includes a fairly flat management structure.

"Because we were enabled early on in our careers, we understand the type of environment that is required. In our offices, the distance to management is extremely narrow; our staff have access to us at any point," says Chapinduka.

Focusing on core values

The firm's three core values are idea meritocracy, maximum open-mindedness and passionate ownership.

"Firstly, it doesn't matter where an idea comes from," says Chapinduka. "You could be a junior or a senior PM; we'll listen to your idea. Yes, there has to be believability. You need to do the work. But ideas can come from anywhere, and we have to allow the best idea to filter through so that we position as correctly as possible."

Secondly, as an investment-led business, Independent Alternatives believes in remaining open-minded.

"A lifespan is relatively short. A lot of what we are going through now has been experienced by previous generations. So we understand that we don't know everything. The more you read, the more you learn and experience, the more you start seeing patterns," he adds.

Thirdly, at Independent Alternatives everybody is treated as an owner, both of the business and of the process. "We hold the team accountable for their areas of the business," says Hogan. "Many of our team have worked in corporates before. We've seen how other businesses operate. We want our people to be comfortable to do their very best work, to come up with the very best ideas, and to have the autonomy to take decisions. It has shaped how we've built this business: always entrepreneurial, always open-minded, always wanting to empower people."

The pair are encouraged by the fact that every member of staff voluntarily invests their own savings in the products the firm manages.

"From the lowest level to the highest, they're all contributing monthly to their respective products. There's a broad belief in what the business is trying to do," says Hogan.

The next decade

Until now, Independent Alternatives has largely focused on the institutional market.

"We've done a lot of work in the institutional space to engage with the gatekeepers, trustees and even shop stewards – those whose money we are managing. For us it has been a good area," says Chapinduka. "If we look back 10 years, the biggest allocators to hedge funds were the multi-managers, or quasi-institutional money. That is how all the big hedge fund managers grew and built their track records."

Their return profile is part of the reason they've been successful in the institutional space.

"Institutional investors don't think of hedge funds as a distinct asset class per se," says Hogan. "They see hedge funds as either complementary to, or delivering better

FUND FACTS

Independent Alternatives Aggressive Multi-Strategy Prescient Hedge Fund

Portfolio managers: Tatenda Chapinduka, Grant Hogan
Strategy: Aggressive quant-biased, macro-thematic, multi-asset
RIF inception date: August 2026
Structure: RIF
AUM: R23 million
Prime broker: Absa, RMB
Manco: Prescient

FUND FACTS

Independent Alternatives Long Short Equity Prescient RI Hedge Fund

Portfolio managers: Tatenda Chapinduka, Grant Hogan
Strategy: market-neutral quant-based equity
Inception date: December 2023
Structure: retail hedge fund
AUM: R784 million
Prime broker: Absa, RMB
Manco: Prescient

FUND FACTS

Independent Alternatives Fixed Income Hedge Fund

Portfolio managers: Tatenda Chapinduka, Grant Hogan
Strategy: SA fixed income hedge
Inception date: July 2025
Structure: segregated account
AUM: R211 million
Prime broker: Absa, RMB
Administrator: Apex

risk-adjusted returns for, their overall strategic asset allocation mix. So for us, having a hedge fund mandate, with the ability to short sell, use leverage and trade derivatives, puts us in a unique position relative to a typical long-only equity or fixed income fund, because we can deliver outperformance during stress periods."

They note that to succeed in the retail space, including the wholesale retail market like DFMs or IFAs, you need a long track record, a big brand, and a business development function that specifically services that market.

Its aggressive multi-strategy portfolio, which the firm ran internally with its own capital from 2020, transitioned to a retail investor hedge fund in August 2026 and will be available on investment platforms. It is designed to compete with moderate-to-aggressive retail hedge funds, and is the product through which the firm plans to grow its retail presence over the next decade. Since its launch, the fund has already attracted an institutional investor.

Run internally, the strategy has delivered an annualised return in excess of 25% since its launch in 2020 gross of fees.

A differentiated approach

Chapinduka and Hogan note that their investment process is differentiated, and so are the returns, combining the macro picture with a quantitative bottom-up process.

Their view remains that the world has changed, yet most portfolios have not, and conventional investors face three main risks: concentration risk, geopolitical risk and hedging deficiencies.

The top 10 global stocks account for over 25% of the MSCI World Index – a concentration level not seen since the late 1990s tech bubble – and most conventional long-only portfolios mirror this, with outsized exposure to US mega-cap technology names. This means that any sentiment reversal (such as earnings disappointment, regulatory action, or rate repricing) could trigger sharp, broad losses.

Geopolitically, portfolios are not equipped for a fractured world. US-China trade tensions, Middle East instability, and re-weaponised tariffs have created a persistent geopolitical risk premium, and long-only mandates have no mechanism to hedge bilateral trade shocks, supply-chain disruptions, or sudden risk-off episodes.

"Markets can reprice geopolitical risk faster than rebalancing committees can convene," they note.

In addition, traditional diversification – across sectors or geographies – can break down in stress episodes such as in 2022, when bonds and equities fell simultaneously.

Without explicit convex hedges, a portfolio that takes 10 years to build can be halved in 18 months, yet most retail and institutional mandates explicitly prohibit short selling, options overlays, or derivatives hedges.

"We believe that markets are not perfectly efficient," says Chapinduka. "We figure out where we are in the business cycle, and then we look for assets that will do well in that part of the cycle. We have a nuanced approach. Our process is steeped in macro thinking, and that macro hypothesis is the link between the business cycle and the investment strategy."

Its idea generation process, known as TMIP (test, measure, investigate and position), is applied across fixed income, equity and commodity markets, creating a true multi-strategy, or multi-asset, way of investing.

"We work out and test the macro hypothesis. Then we measure the degree of dislocation – the macro hypothesis might be correct, but there might be no trade in it. So we look at pricing. And then we ask: is there a margin of safety, based on this degree of dislocation? We investigate the catalysts: what would cause an opportunity to normalise, or behave in an expected way, within that part of the macro cycle? Then we put it all together into a position, figuring out the expected return and the embedded risks."

"We look at the standard deviation from the mean to flag opportunities. We think differently, which leads to different outcomes, and that's fairly reflective in our return stream."

Hogan adds that they are not traditional high-conviction stock pickers, trying to outperform markets based on higher conviction versus the benchmark. "Our process is reliant on a series of uncorrelated positions across equity, fixed income, commodity and currency markets, where portfolio construction and risk management are cornerstones of how the products behave."

> **"Commodities are an important part of how we think about financial markets so our ideas filter into all our products, either directly or indirectly. There's a lead-and-lag effect from grain and commodity prices to food price inflation. We strive to understand those second order effects."**
> *Tatenda Chapinduka*

Risk management has been a feature of its multi-strategy approach, helping to deliver outperformance during heightened volatility or market drawdowns.

"Our multi-strategy solution is not necessarily there to compete with exceptionally strong markets like we had last year. But robust portfolio construction and diversification, and the fact that we are not reliant on any one security, sector or theme to generate returns, gives a level of robustness where you can compound consistently without necessarily having the tailwinds of a bull market."

Hogan highlights the diversification benefits that came to the fore during March 2026 and April 2025, when markets were under stress for varied reasons.

"In those instances the robustness of the portfolio construction is evident, because we're able to better protect and, in most instances, grow capital during market stress events."

Since 2013, their investment process has been tested through multiple cycles including both Trump terms, Brexit, Ramaphoria, Covid, the Russia-Ukraine war, and now the Middle East crisis and US-Iran conflict. "The one thing that has endured has been risk management," says Chapinduka. "When most people have had drawdowns, we've managed either to deliver positive returns, as we did during Covid, or to protect capital. That doesn't mean that we can't also be aggressive to capitalise on opportunities as we did in 2025."

Positioning in risky times

Over the last 12 months to August 2026, the Muhu Multi-Strategy Retail Investor Prescient Hedge Fund is up around 14% net of fees relative to its cash benchmark, which is around 7%. So far this year, it has gained 4.5%.

"A lot of that was driven by positioning for a flatter yield curve last year, given the disinflation that we saw as a result of food prices coming down," says Chapinduka. "That was feeding in from our agriculture and grains trading view, where we saw that after the 2024 El Niño, white maize and yellow maize prices fell, and that impacted inflation."

"We also saw the currency strengthen as a result of higher precious metals prices. Gold was moving higher, and so were industrial metals such as copper and iron ore. The rand largely depends on commodity prices and when terms of trade are good, it tends to strengthen."

Seeing a big dislocation after the Liberation Day tariffs, the team moved aggressively long back-end bonds and short front-end bonds, also taking directional bond positions as well as inverse floaters and some FRAs.



From left: Diketso Phokungwane, Zukisa Xotyeni, Sizakele Radebe, Desiree Mpeta, Grant Hogan, Lufuno Makhari, Tatenda Chapinduka, Ziyanda Zulu, Kgaugelo Mphahlele, Olwethu Dlamini, Siphokazi Gumbi

Coming into 2026 they were "a bit nervous" about markets. With the precursor to US-Iran hostilities in mid-2025, when the US and Israel bombed Iran's nuclear sites, the team had stress-tested the portfolios against a possible closure of the Strait of Hormuz.

"When the war began, we had done the stress-tests, we knew what we needed to do. In February 2026, we could see the build-up in naval assets. We learned from the Russia-Ukraine war that when ships are moving to a place, something is going to happen. Don't listen to the news, just look at the facts."

They started reducing exposure in late February, moving towards more market-neutral positioning and adding equity optionality in areas they felt were overvalued, including some sizeable puts on South African bonds as well as dollar/rand calls.

"Come March, when the war broke out, we were fairly well protected. That is where our strength in risk management comes into play, and we managed to weather that storm," says Chapinduka. "We could see that things were going to remain volatile for some time, so we've remained cautiously positioned since."

"It is not to say we can pre-empt a war or a crisis," adds Hogan. "But valuations and complacency within markets are some of the things we model and measure. A lot of what we do is focus on making a few very high-quality decisions."

For example, they added low-cost portfolio protection at the height of US exceptionalism in early 2025, when the tech story was priced for perfection and volatility was compressed.

"That speaks to how we increase or decrease risk, or how we protect the portfolio during market stress events," says Hogan. "There are going to be more of them. We don't know exactly when or what but, for us, being guided by market pricing is a useful metric. We study volatility in technical terms. It can give you a very cheap way to insure a very expensive portfolio."

They remain close to the agricultural market, watching grain prices alongside weather conditions, including the super El Niño which is expected to persist into 2027, compounded by high fuel prices.

They see the developing El Niño as a potential source of opportunity.

"There are many other negative events that may still come to market," says Hogan. "Even for experienced portfolio managers, it is difficult to make discretionary decisions given the influx of information. Our process is quantitatively biased and robust. We look for statistically significant macroeconomic environments and then position according to probability."

Sequencing trades correctly is vital when they see themes forming.

"You have to know what to trade at what point in time," says Chapinduka. "The quantitative nature of our process helps us determine the degree of dislocation. For example, in the agricultural markets, if we understand the planting season in the Northern Hemisphere versus the Southern Hemisphere, we can sequence trades correctly. So, we've actually done quite well on the strong El Niño transition thus far."

Of late, they have benefited from the cocoa-coffee complex, where stretched spreads are now trading at more normalised levels, as well as US grains including soybeans, corn and wheat, which rose due to the flare-up in the Russia-Ukraine crisis. This has implications for local grains as the planting season approaches.

Within the multi-strategy hedge fund, around a third of the risk sits in commodities, through varying means from resource-focused equities to SA and international grains. Other products, such as the active bond fund, don't include commodities but benefit from the team's insights there, with commodity prices and the currency filtering into the inflation outlook and affecting terms of trade.

"Commodities are an important part of how we think about financial markets so our ideas filter into all our products, either directly or indirectly," says Chapinduka. "There's a lead-and-lag effect from grain and commodity prices to food price inflation. We strive to understand those second order effects. At what point do we observe that in CPI inflation? And how does that affect the curve for South African government bonds?"

"We've built a robust system, looking at data across different markets and commodities, as well as macro data. We think carefully about positioning for secondary effects. Because sometimes you can be right, but you are way too early."

Embracing AI

The team embraces AI as an extension of its research process. They began using big data and machine-learning techniques before they were popular, back in 2017 and 2018, when computing power was expensive, especially for a small, subscale business.

"We use AI as an additional tool, as opposed to having it run in isolation. It's made a lot of what we do much more efficient," says Hogan. "The team is embracing it, but it is not a substitute for the work that an analyst can do."

"If everyone is using the same AI with the same data, you can't expect to come up with a different or unique perspective," he adds. "So we see it as an extension of how quickly and efficiently we can turn around research. But it is really based on our own mental AI. We always trust the mental AI first."

Hogan and Chapinduka agree that the South African market remains difficult, with the economy not growing at a sufficient pace.

The second-quarter 2026 GDP print was negative, and inflation may surprise even more on the upside, given the oil shock, with consensus that oil prices will remain higher for longer. The developing El Niño could potentially cause a maize and food price shock.

"It makes for a very difficult setup," says Chapinduka. "The SARB will most likely be forced to hike interest rates to defend its 3% target in an environment where growth is weakening but inflation is high. So we've been thinking a lot about what happens to the shape of the SAGB yield curve in that case."

"We see pockets of opportunity for our style of management," he adds. "The ability to use the tools of modern finance, to use derivatives to position for things such as El Niño, gives us specific opportunities which are not available to long-only managers."



FERI's Marcus Storr joins early line-up for Symposium 2027

Marcus Storr of FERI will be a headline speaker at the 18th annual *HedgeNews Africa* Symposium, scheduled for February 23 at the Vineyard Hotel in Cape Town.

Storr is well known to a South African audience, and is an active allocator to its hedge funds, bringing meaningful insights in his biennial attendance at the Symposium.

FERI is a specialist in alternative investments and one of the largest investment management firms in Germany, based in Bad Homburg, with AUM of €53 billion including €14 billion in alternative investments. It has allocated to alternative investments since 1999 and has built up one of the largest alternative investment teams in Europe with approximately 50 employees.

In keeping with its established reputation for delivering fresh and forward-looking content, the Symposium will also host a range of dynamic panel discussions and speaker sessions, where leading fund managers will address important issues of the day, from the macro and domestic outlook for various hedge fund strategies to broader industry topics, including succession planning, transformation and industry growth.



Marcus Storr

2027 Symposium topics include:

- El Niño and its potential market impacts
- South Africa – long and short
- Fixed income – why hedge funds work
- Tapping into value opportunities
- AI and asset management
- Regulatory updates
- Why market neutral matters
- The private debt proposition
- Are investors getting what they want?
- The global hedge fund landscape
- Lessons learned in 2026
- Fostering the next generation

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HedgeNews Africa *Awards*

Complex markets in 2026 challenge leading managers ahead of the **Awards**

South African hedge funds have faced a complex 2026, with high energy prices, geopolitical concerns and low domestic growth putting pressure on the local market, while a broadening AI theme has driven key global indices higher.

The *HedgeNews Africa* Composite added 2.3% in the first three quarters of 2026, while the FTSE/JSE All Share Index declined 3.22% and South Africa's All Bond Index added 3.53%.

By comparison, the MSCI World Index is ahead by 10.66% to the end of September, while the HFR Fund-Weighted Composite Index of global hedge funds was around 7% higher by the end of the third quarter.

With the first nine months of returns in the bag, there is just one quarter to go in deciding the shortlists for the *HedgeNews Africa* Awards 2026.

Following a buoyant year for markets in 2025, conflicting signals, both locally and globally, have led to a wide dispersion of returns among managers this year. With the final quarter still to come, the performance picture could yet change significantly.

Now in their 18th year, the Awards, which are highly regarded in the industry, are based on calendar-year returns in various categories.

Using an established quantitative methodology based on risk-adjusted return, the award in each category goes to the fund with the highest return amongst the nominees, provided its Sharpe ratio is within 25% of the top Sharpe amongst the nominees.



To be nominated, funds must have a minimum of R80 million under management (averaged over the period, or $10 million in the case of dollar-based funds) or R160 million in the longer-term awards.

First provisional nominations will be announced in November, based on 10 months of data, with the next round announced in December, based on 11 months of returns. Final nominations will be announced in January.

The Awards will be celebrated at a gala dinner in Cape Town on February 23, 2027.

- For more on the Awards go to: *hedgenewsafrica.com/awards/*
- To list your fund in our database email *data@hedgenewsafrica.com*

2026 Awards
categories include:

- Long/short equity
- Market neutral and quantitative
- Multi-strategy
- Fixed income
- Fund of funds
- Specialist
- Pan-Africa
- Five-year performance
- Ten-year performance
- Best new fund
- Fund of the year









Finding talent for South Africa's evolving investment industry

Craig French of Walker Phillip discusses recruitment trends, emerging roles, AI adoption and the growing return of South African talent

HedgeNews Africa sits down with Craig French, who earlier this year joined leading asset management recruitment agency Walker Phillip.

Based in Cape Town, French was most recently head of business development at Visio Fund Management, where he spent 14 years, and prior to that an investment analyst at Alvine Capital Management in London.

Walker Phillip was founded in 2016, when founder Gavin Walker returned to South Africa after 10 years in the recruitment industry in London and Dubai. The business has had a busy decade, focusing on asset management, both in the listed markets and private equity at institutional and boutique firm level.

What types of roles is Walker Phillip typically involved with?

We often work on executive-suite searches at Top 4-type firms, as well as one level deeper, including non-executive and senior specialist roles. These can range from financial director appointments to asset management positions and strategic investor relations.

We work across sectors, moving candidates from management consulting, banking and insurance into asset management, across both private and public markets.

We look for strong candidates from an academic perspective, including young professionals who have completed their CFAs in their mid-to-late 20s. It is a highly regarded and rigorous qualification, and a requirement or strong preference for some hiring firms.

We place around three to five candidates a month. Given lead times and notice periods, it can take three months from initial interviews to start date. Good candidates move quickly and there is a relatively small window of opportunity. That is a key part of our role: if you like a candidate, you cannot afford to draw out the interview process. Good candidates get snapped up quickly.

What positions are you seeing in the listed markets, and in hedge funds in particular?

The listed markets are highly competitive. There are not a lot of new assets coming into the industry, so if one firm wins a mandate, it often means another is losing one.



Craig French

On the hedge fund side, we have seen industry growth over the past five years, with key opportunities emerging in distribution and business development. Investor relations and strategic communications roles increasingly straddle distribution, marketing and branding.

Until recently, fundamental hedge fund houses did not typically have chief technology officers, but this is now very much on the radar. These positions can also come with a seat on the executive committee.

Hedge funds are scaling their businesses and building stronger brands, which means ensuring they are adequately resourced, particularly in strategic and operational roles. For example, a New York family office might like what you are doing from an investment perspective, but its operational due diligence team may decide that you do not meet its requirements and veto the investment.

Many local hedge funds also do not have individual advisory boards, which are common offshore. From a strategic growth perspective, these roles are increasingly valued internationally and are still in their infancy here.

You also need skilled advisers on the people side of the business. Asset management is ultimately a distribution game. Performance is a given – you need to be a top-quartile performer across multiple time frames – but without a well-developed distribution strategy, you will struggle to compete.

Within asset management, we are also seeing roles emerge in niche strategies, including crypto and activist investing. There has been a steady pickup in demand for quantitative and data analysts – people who can quickly slice and dice complex data sets and provide insights that can influence trading decisions.

We expect these roles to grow over time, alongside positions such as chief technology officers, systems engineers and automation specialists. Businesses are looking to automate and systematise wherever they can, with AI offering significant efficiency gains.

Risk management is another developing area. This is not necessarily about compliance, but rather managing portfolio risk, limiting drawdowns and supporting stronger compounding of returns. These are alpha-focused risk management roles that increasingly intersect with the technology stack.

Those are the key areas. On the distribution side, we are also seeing increased demand for support roles around senior professionals. In business development, analysts are needed to support procurement, bidding and RFP processes, freeing up senior people to focus on client relationships.

What are you seeing in the private markets space?

Our typical candidates are young CAs with three or four years of consulting experience.

There is strong demand from candidates who want to move into private markets, particularly private equity, which is still seen as the 'sexy' asset class. We have seen explosive growth in the sector over the past 15 years.

There is a steady stream of mandates for roles across private markets, from analysts and associates through to deal transactors and heads of distribution.

Candidates are attracted by the opportunity to be close to the coalface of corporate finance – getting involved in transactions, evaluating businesses and

being part of the deal-making process.

Are there any other noteworthy industry trends?

There has been significant progress on the AI front. We are seeing adoption across key areas, including investment research, portfolio management and back-office operational processes.

Some market participants are saying they are achieving such significant efficiency gains from AI that entry-level analyst roles could be at risk of substitution.

That means there needs to be a collective willingness to continue training young people and bringing them into the industry, so they can develop and ultimately transition into portfolio manager and CIO roles rather than reducing the pipeline of talent into senior positions.

That feeds directly into succession planning, which is a key issue for individual firms and for the industry as a whole.

There is a growing need to nurture talent, and there is significant competition to attract and retain the best people. Some firms are being particularly creative in how they structure bonuses and incentives to secure key staff. Our investment professionals are typically well aligned with their investors. It is common for a portion of their bonuses to be reinvested in the fund, and that alignment is not limited to portfolio managers – it can extend to analysts and risk analysts as well.

What types of candidates are you coming across?

South Africa has exceptional talent, which bodes well for industry growth.

We don't usually engage with new graduates. Candidates we tend to speak to already have a minimum of three to five years of experience.

There are still many candidates who go overseas to complete their accounting articles, gain work experience and travel.

It is however encouraging to see more candidates returning from abroad. We constantly work with professionals coming back from the likes of top-five family offices in London, leading private equity houses in Scandinavia, and Swiss private banks. They have built careers at highly competitive and reputable institutions overseas and are now keen to return to South Africa.

We are harnessing those returning skills, which represents a reversal of the brain drain.

When it comes to salaries, the rule of thumb we work with is to take the candidate's London salary, convert it at the spot exchange rate and then reduce it by around 30%. That gives you a realistic indication of the local market salary they can expect.

The cost of living in South Africa is also lower than in cities such as London, New York, Paris and Geneva. Family considerations are often another catalyst for returning to South Africa, as is the question of where candidates ultimately want to be based, whether Cape Town or Johannesburg.

In South Africa, transformation is also often an important part of the mandate brief. Many employees are employment-equity sensitive, and BEE considerations are typically a standard component of mandates in the South African context. Clients sometimes need to remind their offshore head offices of this nuance.

What key criteria do you look for in a candidate?

A strong academic background goes without saying, as does a few years of relevant experience.

For the types of roles we place people into, candidates need to be able to think critically and communicate effectively. We look for clarity around what they are good at. You need to have a clear story and get the basics right.

We do a lot of preparation with candidates before they interview, ensuring they understand the role and can articulate why they are a good fit.

And first impressions really do matter. There is a primacy effect, and those first few moments can carry a disproportionate amount of weight. It's all about making a strong first impression.



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Rozendal launches retail access to flexible global long/short strategy

Paul Whitburn and Wilhelm Hertzog combine contrarian investing, disciplined risk management and investor alignment in their worldwide hedge fund strategy

Cape Town-based Rozendal Partners has launched a daily-priced retail version of its long-running Rozendal Worldwide Flexible Prescient Qualified Investor hedge fund (QIHF) strategy.

The Rozendal Worldwide Flexible Prescient Retail Hedge Fund (RHF) launched on July 1, 2026 and will mirror the existing qualified investor hedge fund as closely as possible.

Headed by Paul Whitburn and Wilhelm Hertzog, Rozendal started out in 2018. It has R3.7 billion under management across four funds and a segregated mandate. Besides the RHF and QIHF hedge funds, the range includes a long-only global fund, global feeder fund and the global unconstrained strategy (segregated mandate).

The hedge fund strategy – which takes a worldwide long/short approach – is flexible and actively managed, aiming for higher total returns than the JSE All Share Index in rand terms, without a greater risk of long-term loss.

The QIHF and RHF can invest across all asset classes and sectors, including equities, bonds, commodities and derivatives, with gearing for the QIHF limited to 700% of the fund's NAV. Since inception, the QIHF fund's maximum gross exposure has never exceeded 170% while maintaining net exposure close to 100%, making it effortless to mirror since the RHF's gearing is limited to 200% as per retail hedge fund regulation.

"We haven't had to change much to offer a RHF. The QIHF includes around 5-7% in unlisted instruments, which will be excluded from the daily-liquidity RHF. By and large, we expect the RHF and QIHF to perform very similarly," says Hertzog.

The QIHF (Class A) has returned a net annualised 13.5% since inception in April 2018 to July 31, 2026 (vs the ALSI returning 12.7% over the same period), and 6.8% so far this year to the end of July (vs the ALSI returning -1.8%). It won the award for best worldwide fund in 2025 at this year's *HedgeNews Africa* Awards.



Wilhelm Hertzog and Paul Whitburn

Whitburn and Hertzog are co-portfolio managers, each managing 50% of capital on a multi-counsellor basis. They both have more than 20 years' experience in the markets. Quant analyst Jenna Bruton joined in 2024 and focuses on data-driven investment analysis and insights.

SJ du Preez joined the team in March to lead business development and distribution, bringing 25 years of experience in the South African investment management industry, with a focus on business development, client relationship management and product distribution.

"We are contrarian. We perform very differently to the market. We are very risk aware in how we allocate capital. Buying assets that are underpriced has led to lower volatility."
Paul Whitburn

Two differentiating factors of the Rozendal hedge funds are their ALSI benchmark and a clawback mechanism* for performance fees.

"Many hedge funds use a cash benchmark, which is appropriate for a market-neutral fund, but we aim to outperform the equity market and have a definite long bias in our funds," says Hertzog. "We want to deliver high real returns and therefore an equity benchmark is most appropriate for our fund."

"Having as close an alignment of interest with our investors as possible is core to our firm. We are co-invested at the same fees as clients and we share the same vision of great long-term real returns," says Hertzog. "Our clawback mechanism prevents a 'swing for the fences' mentality. Performance fees are accrued in the fund and available for clawback* in subsequent years if we underperform. In addition, we can only earn performance fees once we exceed our benchmark-adjusted highwater mark."

Du Preez says the strategy is suited to a range of investors, from fund of hedge funds to DFMs and direct clients.

"Multi managers and DFMs often

"Multi managers and DFMs often combine hedge funds that diversify risk with hedge funds that enhance performance. We fall in the 'performance enhancer' bucket, but we've done so with relatively less risk than our benchmark, giving you the best of both worlds."

SJ du Preez



The Rozendal team: from left, Wilhelm Hertzog, Madeleine Walsh, Ernst Hertzog, Monique Paulse, Paul Whitburn, Jenna Bruton, SJ du Preez

combine hedge funds that diversify risk with hedge funds that enhance performance. We fall in the 'performance enhancer' bucket, but we've done so with relatively less risk than our benchmark, giving you the best of both worlds," he says. "The fund is also suitable for direct investors who are patient, with a long-term time horizon. We target higher compounded returns over the long term and suit clients with a slightly higher risk tolerance and a willingness to accept a pattern of returns that can, at times, differ markedly from the overall market."

The strategy's track record reflects lower volatility than the benchmark, often limiting downside in months when the index is negative.

"We are contrarian," adds Whitburn. "We perform very differently to the market. We are very risk aware in how we allocate capital. Buying assets that are underpriced has led to lower volatility."

Currently the hedge fund strategy has around 65% allocated to domestic equities and 35-40% global exposure, both long and short, which can change depending on the team's view of markets. It has around 25-30 positions at any given time.

In their latest investor letter, the pair note that the first half of 2026 can be best characterised by two things: a 'meltdown' in the Middle East following the launch of US attacks on Iran, and a 'melt-up' of everything artificial intelligence-related in financial markets.

"The ALSI has a heavy weighting in precious metals miners," they note. "The impact of the higher oil price has been to reset market expectations higher as to inflation and central bank interest rates, which triggered a sharp sell-off in gold, but also platinum. Our modest platinum exposure and short gold exposure supported returns compared to the benchmark."

Rozendal continues to favour select South African counters and diverse EM exposure.

"South African mid-caps look remarkably cheap at the moment," says Whitburn. "It is a small universe but we are comfortable with our exposure there. Our global component has changed a little in the past year, we have identified higher-quality businesses with more stable, less cyclical revenues, including in fast-moving consumer goods and beverages. We are not on the AI bandwagon."

"Our EM exposure is quite different to the EM indices, which are focused on China, India, Korea and Taiwan. We are invested in a different subset that includes Kazakhstan, Chile, Brazil and Romania."

Globally, the fund has most exposure in the EU, UK and emerging markets, with only a small weighting in the US.

In the past six months it has completed investment cycles in Meta (formerly Facebook) and silver on the global side, and Curro in South Africa, all of which delivered internal rates of return of more than 20% during their multi-year holding periods.

"The flexibility of our hedge fund mandate allowed us to maximise the returns on offer in all three cases," they said.

As a retail fund, the Rozendal Worldwide Flexible Prescient Retail Hedge Fund is not subject to the regulatory minimum investment of R1 million that applies to Qualified Investor Hedge Funds. Rozendal plans to make it widely available on investment platforms.

**details available on request*

FUND FACTS

Rozendal Worldwide Flexible Prescient Retail Hedge Fund

Portfolio managers: Wilhelm Hertzog, Paul Whitburn
Strategy: Long/short equity, worldwide
Investment manager: Rozendal Partners
Minimum investment: Class A R10,000 lumpsum, R1,000 monthly debit order
AUM: R21 million
Prime broker: RMB
Manco: Prescient

FUND FACTS

Rozendal Worldwide Flexible Prescient QI Hedge Fund

Portfolio managers: Wilhelm Hertzog, Paul Whitburn
Strategy: Long/short equity, worldwide
Investment manager: Rozendal Partners
Minimum investment: R1 million lumpsum
AUM: R2.59 billion
Prime broker: RMB
Manco: Prescient

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Southchester marks 15 years of innovation in the fixed income space

Gregg Bayly, Andra Greyling and Jeleze Hattingh discuss the firm's growth, specialist strategies and commitment to innovative solutions for investors

Southchester Investment Managers is celebrating 15 years as a business, born from a straightforward conviction that investors deserve better access to income-generating opportunities.

Founded in late 2011 by Gregg Bayly and Andra Greyling, the team uses its skills in the repo market to build income-generating products for investors, focusing on its niche of creating and managing liquidity.

With expertise gained in the bank prop trading environment, the company initially set out to build a fundamentally different securitisation vehicle that would offer attractive call investments to institutions seeking better-yielding call alternatives, without having to compromise on liquidity and credit risk.

Today, Southchester offers a range of income-focused funds and notes designed to deliver consistent, conservative returns with low volatility and minimal credit risk, including its award-winning Southchester Smart Escalator Prescient QIF, a qualified investor hedge fund.

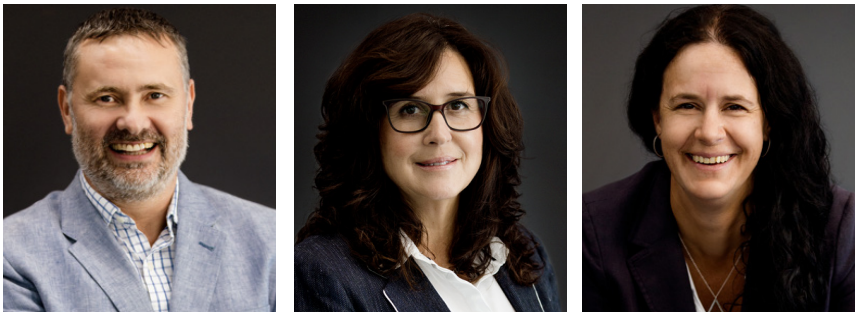
Bayly and Greyling met in 2002 when Greyling was at RMB, and Bayly was one of her clients.

"Our longstanding relationship is built on trust, which has proved invaluable as we have built the business together," says Greyling.

Greyling has extensive experience in the fixed income space, starting in 1988, bringing her global macro expertise to the Southchester portfolios. She was previously at RMB, where she set up and managed a R16 billion proprietary money-market repo portfolio, which also provided opportunities to trade in fixed income derivatives for speculative and hedging purposes. She is chairperson of the Southchester board.

Bayly is Southchester's CEO, and focuses on providing structured solutions to institutional and corporate clients and developing innovative products. An accountant and lawyer, has been in the finance industry since 1997.

Jeleze Hattingh joined as CIO in 2020, and was also previously a client of Greyling's. She has many years' experience at investment banks and asset managers, specialising in the fixed income and alternative investment universe, with a focus on risk management.



Gregg Bayly, Andra Greyling and Jeleze Hattingh

Building the foundation

Launching in 2011 with R50 million in assets under management in short-dated notes, Southchester has seen strong growth from the outset, becoming a distinctive South African investment management firm.

"The R50 million we started with grew to about a billion in the first six to nine months," says Bayly.

Southchester now has gross AUM of around R30 billion, offering specialist products to serve specific client needs, including short-term liquid portfolios, note-issuing programmes, and alternative fixed income funds.

The team comprises 12 highly specialised members, all contributing to the company's operational and business excellence.

In its early days, Southchester worked with an established financial services organisation, which provided administration support, access to capital and the necessary licensing.

The journey to independence was not straightforward, largely due to the regulatory landscape and the hurdles it presented. "We had to navigate regulatory requirements, such as the R100 million capital requirement for a company issuing debt to the general public. There have been many such challenges along the way," says Greyling.

Timeline of growth and innovation

In 2011, Southchester (RF) Limited was launched, issuing short-dated notes. The insolvency-remote special-purpose public company invests into a portfolio of high quality, liquid and rated South African money market instruments.

The company obtained its asset management licence from the FSCA in 2013, a significant milestone.

In 2015, the firm received its Category IIA hedge-fund licence, enabling it to expand its product offerings. That same year saw the launch of the fixed-income hedge fund, which they initially co-managed with another asset manager.

Shortly thereafter, the Southchester Smart Escalator Prescient QIF was launched.

"2017 was a particularly significant year," says Greyling. "We launched our

FUND FACTS

Southchester Global Income Segregated Portfolio

Strategy: global fixed income hedge – qualified investors
Portfolio manager: Southchester Investment Management
Investment manager: South Africa Alpha Capital Management
Inception date: January 2022
Manco: South Africa Alpha (SA representative manco FundRock)
Administrator: Apex Fund Services
Prime broker: Absa Prime Brokers, Peresec Prime Brokers
AUM: $42 million
Section 65 approved: Yes
Open to investors: Yes

first hedge fund, the Smart QIHF, a product that has won five *HedgeNews Africa* awards for best fixed income hedge fund in the past seven years."

In 2018 it launched the Southchester Optimum Income SCI Fund, a specialist fixed-income product where investors receive primarily tax-exempt dividends rather than interest. It remains a niche offering, with only two or three similar products in the market.

The company's steady expansion continued. In 2020 it launched Northchester (RF) Limited, a securitisation vehicle offering longer-term and higher-yielding investments than the original Southchester (RF) Limited, also investing into a portfolio of high-quality liquid fixed-income instruments.

2022 saw the introduction of the Southchester Global Income Fund, followed by a retail hedge fund in 2025, launched in partnership with Amplify Investment Partners.

Today, its fund range comprises four different funds and two distinct note programmes.

Products that make a difference

Southchester Smart Escalator targets qualified investors wishing to achieve consistent, high income returns. By applying the wider trading and investment parameters provided by relevant hedge fund legislation, the fund takes advantage of yield-generating fixed income opportunities, excluding lower credit rated counterparties.

Now at R1.7 billion, it has returned a net annualised 13% since inception, which is equal to Repo+5.8% (relative to the benchmark of Repo+4%). The fund has had no negative months over the past five years, which is remarkable given volatile markets.

The portfolio holds SA banks and government bonds and some high-quality corporate credit, hedging out forex risk and avoiding interest-rate and duration risk to earn a yield pick-up. It looks to generate absolute returns in excess of short- to medium-term interest rates.

In 2025, Southchester launched the Amplify SCI Cautious Retail Hedge Fund with Amplify Investment Partners, a low-volatility fixed-income hedge strategy with a focus on consistent returns and liquidity. The daily-traded fund targets retail investors seeking to achieve superior returns across market conditions, capitalising on varied fixed-income opportunities. It follows a similar strategy to the Smart QIF but is subject to tighter retail hedge fund mandate and legislation constraints.

The fund has returned an annualised 10.1% since inception compared with 9.6% from its benchmark SteFi+3%.

Launched in January 2022, the offshore Southchester Global USD Income Segregated Portfolio is a low-volatility fixed-income hedge fund that aims to generate absolute returns in excess of short- to medium-term US dollar interest rates. Domiciled in the Caymans and housed on the SA Alpha platform, it takes geared and ungeared exposure to various financial instruments including fixed-income securities, debt instruments and other similar listed and unlisted instruments. The $47 million portfolio targets a benchmark of SOFR+3%, and Class B (open for investors) has returned 6.7% (in US dollars) annualised since inception and 7.7% over the past 12 months to the end of September 2026, compared to its benchmark of 6.8%.

It has Section 65 approval under the Collective Investment Schemes Control Act to be marketed to South African investors.

"This year we have also created a Swiss ISIN for the global income fund, allowing it to be safely and efficiently traded, cleared and settled across borders on the European Clearstream and Euroclear platforms," says Bayly.

On the long-only side, the Southchester SCI Optimum Income Fund, which launched in April 2015, is a tax-efficient low-volatility strategy which tracks the rand's short-term interest-rate cycle. It aims to outperform the average after-tax return of comparable low-risk interest-yielding investments, with a target market that includes corporates, high-net-worth individuals, and trusts.

The hockey-stick moment

Southchester's business model sits outside the conventional asset management mould – a specialist fixed-income asset manager with capabilities in alternative fixed income and hedge funds, it also offers note programmes that other asset managers and institutional investors can use within their own portfolios.

"Issuing notes allows us to structure specialist fixed-income strategies for investors that may already be working within defined institutional mandates," says Hattingh. "That has allowed us to build solutions that other asset managers can use within their own portfolios. Our hedge funds, both qualified and retail, provide access to our skillset to the broadest range of investors."

Company AUM has grown substantially since 2020, in what Bayly describes as a "hockey stick moment".

"A period of significant growth began shortly after the Covid turmoil and at the same time Jeleze joined us as CIO," he says. "It marked a turning point in our growth and has defined our next chapter."

Looking forward

Today, Southchester Investment Managers oversees local and global income-focused offerings, having grown into a sophisticated investment management business with multiple specialist products.

The journey reflects the same principles that guided the company's founding: the vision to pursue something genuinely different, the perseverance to navigate regulatory complexity, and the commitment to delivering real value for clients.

The team looks forward to providing constructive solutions to its clients, in ever-changing market conditions.

"To be relevant in this industry, especially as a small player, you need to think out of the box and do things differently," adds Bayly. "This requires a combination of trading, investing and structuring skills – the way you package your offerings, the way you obtain financing, the way you structure your transactions."

"We make use of liquidity in the short end of the market," says Greyling. "We keep a very close eye on updates to regulatory changes affecting banks' liquidity and transactional behaviour. We assess and pre-empt how our portfolios can benefit from these changes.

"For us, innovation is non-negotiable," she adds. "It is born from competing in a challenging industry."

FUND FACTS

Southchester Smart Escalator Prescient QIF

Strategy: ZAR fixed income hedge – qualified investors
Portfolio manager: Southchester Investment Management
Inception date: November 2017
Manco: Prescient
Administrator: Prescient Fund Services
Prime brokers: Absa Prime Services, RMB Prime Services, Peresec Prime Services
AUM: R1.74 billion
Open to investors: Yes, Class E

FUND FACTS

Amplify SCI Cautious RIF

Strategy: ZAR fixed income hedge – retail investors
Portfolio manager: Amplify Investment Partners, Southchester Investment Managers
Inception date: April 2025
Manco: SCI
Administrator: Apex Fund Services
Prime brokers: Absa Prime Services, Peresec Prime Services
AUM: R317 million
Open to investors: Yes, Class A

Urquhart Partners finds opportunity in South Africa's special sits market

Richard Cheesman reflects on the fund's first year, portfolio positioning and corporate events creating opportunities for disciplined investors

Urquhart Partners has reached the one-year mark with its special situations strategy, and has added to its team with the recent appointment of Nooreen Patel.

Managed by Richard Cheesman, the RECM SA Special Situations Prescient Retail Hedge Fund launched in October 2025.

"There are a lot of interesting things on our radar, which is part of the reason we have brought on a new team member," says Cheesman, who worked previously at Protea Capital Management and Investec before starting Urquhart. He has managed discretionary equity portfolios since 2008.

An entrepreneurial chartered accountant, Patel has extensive investing and corporate finance experience, starting out as part of the CA graduate programme at Investec, where she and Cheesman worked together. She has also worked at PwC and Java Capital. Based in Johannesburg, Patel will contribute across the business, including research, operations and partner relations.

Also part of the team is Jonathan Maingard, who co-founded Urquhart Partners with Cheesman and oversees partner relations and business development.

The dedicated JSE special situations fund predominantly invests in JSE equity securities, targeting exposure to a traditionally underexploited segment of the market. It may also hold related fixed-income instruments, over-the-counter equities, unlisted shares, commodities and derivatives.

The fund has assets under management of R65 million at present, and Cheesman will look to cap it at around R500 million.

It aims to deliver returns exceeding the average of South African cash and equities over the long term.

Cheesman notes that special situations have historically outperformed the broader JSE due to the market inefficiencies and complexities they present. Such investments relate mostly to imminent expected events or actions that could lead to an increase in value of a security or a so-called "unlock of value".



Richard Cheesman



Nooreen Patel

He says it has been a challenging year in the markets amid "high-beta conditions", with markets trading either risk-on or risk-off and most of the interest in AI-related themes overseas or locally in precious metals.

"A lot of the recent buyouts have closed within three months, whereas a long buyout can be in the portfolio for a year. With quicker deals you get a good return in a short period, but then you have to deploy the capital elsewhere."

Richard Cheesman

Higher fuel and transport costs were affecting South African businesses, putting pressure on consumers amid rising interest rates, while commodities continued to do well, with many commentators predicting that the South African recovery story had been delayed rather than derailed.

"SA Inc counters have been devastated, if you look at companies like our retailers. Businesses are trading at attractive prices, and we're probably bouncing along the bottom of the pricing range," he says.

"That plays to the areas we work in. We have a very cheap stock market, and smart people are buying up and delisting our companies. We can take advantage of that."

The fund has between 20 and 25 positions at any given time, excluding hedges. It aims to have lower risk than the broader market, a lower correlation, and to outperform through the cycle.

"Our performance in March highlighted the low-risk component of the fund," says Cheesman. "The JSE dropped almost 11% while we were down around 70 basis points.

"We've proven that we are uncorrelated – we move in the opposite direction to the JSE most days. What we haven't yet proven is that we can outperform the index. And I'm still pretty confident that we can do that."

The fund has delivered a broadly flat return since inception, while the JSE is slightly ahead. Cheesman looks forward to seeing some of the ongoing corporate activity in the market realised in the fund.

"With Nooreen coming on board we have done a full review of the portfolio and come back from that exercise more confident in our positions," says Cheesman. "We've increased our weights in some positions which have underperformed, and are confident in the underlying fundamentals."

The buyout portion of the portfolio has been the best performing so far, with an internal rate of return of around 20%. At the start of the year, buyouts comprised 40% of the book, but this has come down, predominantly due to the relatively short duration of most of the recent transactions.

"A lot of the recent buyouts have closed within three months, whereas a long buyout can be in the portfolio for a year. With quicker deals you get a good return in a short period, but then you have to deploy the capital elsewhere."

He is pleased to see more complex deals on the horizon, such as the pending acquisition of chemical manufacturing company Omnia by Solar SA Investments, a subsidiary of India's Solar Industries, as well as Sanlam's buyout of short-term insurer Santam and niche property company Putprop's potential buyout and delisting from the JSE main board.

The fund is also active in areas such as spinoffs, activist situations, divestitures and restructurings.

Early in October, news of share acquisitions at the embattled Spar Group bumped up the share price, with speculation that activist investor A2 Capital Partners is building a position.

"That could be a great turnaround story," says Cheesman. "It is exciting when people get involved who have a track record of successfully turning other businesses around. It creates opportunities for us too."

Urquhart was also following several liquidations, including agricultural business Zeder, as well as potential deals in the spin-off and unbundling world such as at York Timber.

Rainbow Chicken, which recently spun out of RCL Foods, has been one of the fund's top-performing investments for the year, achieving a larger market capitalisation than its parent company



Jonathan Maingard

RCL Foods and paying out a significant special dividend.

It also has a position in Goldrush Holdings, which the fund acquired as part of the Astoria delisting. The JSE-listed investment holding company owns 59.4% of issued shares in gambling operator Goldrush Group.

Another interesting development on the local M&A front is the sales process at Northam Platinum, announced in August following an unsolicited approach from an unnamed major South African PGM producer.

The fund has been hurt by a large position in multinational tech group Naspers, which is down 45% since it invested. It partially hedges the position by shorting Tencent, in which Naspers holds a major indirect stake, which has been profitable although Tencent's valuations are now at bargain-basement levels.

A large component of the Chinese stock market, Tencent is currently valued at around 10 times earnings, which Cheesman says seems too cheap for such a high-quality business.

"Emerging market investors seem to have been selling Hong Kong-listed companies such as Tencent to buy more exciting shares like South Korean AI hardware manufacturing businesses. Tencent seems to trade at a negative correlation with the South Korean stock market," he notes.

Naspers has continued to buy back shares, benefiting from a higher discount as part of its share buyback programme.

The portfolio has profited from other short positions during the year, including hedging AI-driven fintech company Optasia, which listed in November and in which Ethos holds a remaining stake.

"In this market, it's quite tough to find lower-risk shorts as everything is so cheap," he says. "So we do hedge out some industry risk but it's a very uncomfortable position to short a decent quality business at a low valuation."

For example, with exposure to both Gold Rush and Sun International, Cheesman is disinclined to short the remaining JSE-listed gaming stock as a sector hedge, because it is trading at just 4-5 times earnings.

Cheesman and Patel share a passion for what they do, contributing in-depth knowledge of corporate action situations and monitoring the markets daily for potential deals.

"Market conditions remain defined by elevated macro and geopolitical uncertainty. It's a volatile environment which also creates opportunities in special situations. We remain focused on deploying capital into investments where downside is limited and return outcomes are driven by specific corporate events rather than the broad market direction," he says.

"Corporate missteps, challenging operating environments, and strategic pivots can create attractive liquidation opportunities, as assets are rationalised and valuation discounts narrow. For disciplined investors, these special situations can provide a differentiated source of returns within a broader portfolio."

Urquhart has a diversified investor base, including fund of funds and high-net-worth individuals. The fund is widely available and has been added to the Momentum platform, joining Allan Gray, Glacier, Nedbank, Old Mutual, Peresec and Prescient.

"Special situations are our sole focus," Cheesman concludes. "We can be busy working and a SENS announcement pops up that dramatically changes our day. It is an exciting space. We enjoy what we do and we're very grateful for the support of our investors. We look forward to producing decent results."

FUND FACTS

RECM SA Special Situations
Prescient Retail Hedge Fund

Portfolio manager: Richard Cheesman
Strategy: SA special situations
Inception date: October 2025
AUM: R65 million
Administrator: Prescient
Auditor: Ernst & Young
Manco: Prescient
Prime broker: Peresec
Open to investors: Yes

Third wave of investing:
Are autonomous learning investment strategies the future of asset management?

Niki Natarajan explores how AI is reshaping asset management, from autonomous investment strategies and hedge fund opportunities to the risks of an increasingly complex technology

In early 2017, *Wired* magazine wrote about the 'Third Wave' of investing and how autonomous learning investment strategies – a term coined by the late Jeffrey Tarrant, founder of Protégé Partners, who spent his lifetime spotting emerging talent and trends – would be at the heart of a radical and irreversible artificial intelligence-driven disruption coming to the investment industry.

A decade later, AI adoption as a tool, a strategy and an investment thesis, has started to transform the asset management industry. Yet a 2026 Mercer report titled *How Artificial Intelligence is shaping asset management*, based on a survey of 131 asset managers globally, confirmed that only 5% of firms currently grant AI autonomous or semi-autonomous decision-making authority for investment recommendations or trades.

AI-driven investing has grown steadily since the early 2010s, concentrated among hedge funds. In the early days, parsing copious amount of data gave early adopters a performance edge. The 2026 paper titled *The Growth and Performance of Artificial Intelligence in Asset Management* from the US National Bureau of Economic Research, examines AI-driven investing using investment-adviser disclosures, labour-market data and fund descriptions, concluding that although AI hedge funds outperformed non-AI hedge funds in the early years, this outperformance has declined over time.

Quants & AI

Quantitative hedge funds, which have been around since 1969 when Edward Thorp launched Princeton/Newport Partners, were among the first to adapt AI to their strategies. These technology-driven funds continue to enhance their use of algorithmic trading; machine learning to forecast asset prices; natural language processing to analyse news; reinforcement-learning systems to optimise trading decisions; and autonomous AI investment agents.

Indeed, Jim Simons, who founded what later became Renaissance Technologies in 1978 (in which Tarrant was an early investor), and David Shaw, founder of D.E. Shaw & Co. in 1988, pioneers of quantitative and systematic trading, respectively, were early adopters of AI too. D.E. Shaw's $115 billion business uses artificial intelligence and machine learning as a core component of its systematic strategies, but it also runs discretionary strategies including the recently launched human-led D.E. Shaw Cogence Fund.

Bridgewater Associates, with more than $100 billion under management, has established AIA Labs, spearheaded by co-CIO Greg Jensen, to build an 'artificial investor' designed to perform rigorous, explainable, fundamental research at a scale no human-based process can ever achieve. Launched in late 2023, the $4.5 billion AI and machine learning-driven AIA Macro fund is reported to have posted double-digit returns slightly below Bridgewater's flagship Pure Alpha strategy.

AIA Forecaster is the first publicly documented AI system to verifiably match the performance of expert human forecasters at scale. "…Markets constantly evolve: new technologies emerge, unprecedented crises strike, and regimes shift. Because of this, markets cannot be reliably navigated solely through pattern recognition. Our systems are designed to understand why asset prices move… Prediction is not enough; it takes reasoning at scale," according to AIA Labs' mission statement.

Meanwhile, Man AHL, which started life in 1987 as a commodity trading adviser and is now part of the $213.9 billion Man Group, has traded machine-learning-based systems in client portfolios since 2014. At the start of the year, Man Group and Anthropic announced a partnership that will see Man Group using Claude and working with Anthropic engineers to build on more than 35 years of experience in systematic investing and embed AI in processes across the firm from investments through to distribution and human resources.

The primary focus of the partnership is to harness AI for alpha generation, aiming to unlock potential new investment insights from data with the ultimate objective of generating attractive performance and meaningful portfolio solutions for clients. "We've been using AI in different forms for over a decade now, but the introduction of LLMs has rapidly accelerated the pace of change and led to the creation of proprietary alpha idea generation tools, like AlphaGPT," said Gary Collier, Man Group's chief technology officer.

AI as a tool, a strategy and investment thesis

The Mercer survey highlighted that asset managers most commonly use AI to improve productivity: 73% of firms use AI for operational efficiency and 68% use it as a partner in the investment process, to provide insights and analysis. Balyasny Asset Management is an example of how this can be done. The $37 billion hedge fund firm, which hired Matthew Henderey, one of the CIA's AI developers, as director of data science, created an applied AI team.

This group of researchers, engineers, and domain experts are building AI-native tools that embed directly into team-level workflows, with rigorous evaluation, traceable reasoning, and real-time feedback loops built in from the start. They have also built a proactive internal chatbot BAMChatGPT. "AI is enabling our teams to apply first-principles thinking faster, across more data, and with more structure," said Charlie Flanagan, Balyasny's chief AI officer.

But not every quant fund is an AI hedge fund. The near-collapse and unwind of Situational Awareness, an AI-focused hedge fund founded by 24-year-old former OpenAI researcher Leopold Aschenbrenner, has served to remind investors that due diligence is

more important than ever, as AI experts start to launch investment funds. Founded in 2024 with roughly $200 million from tech investors, the highly leveraged Situational Awareness fund got caught out by a sharp downturn in AI, chipmaker, and cloud infrastructure stocks.

AI and the stock pickers

AI is now an accepted part of an investor's toolkit, from making trading decisions through to buying or shorting AI-related stocks. According to Goldman Sachs, AI is becoming a stockpicker's market: as interest broadens beyond semiconductor makers and companies that benefit from capital expenditures in AI, investors are increasingly focused on companies that help organisations implement the technology and AI agents for commerce.

Stock-picking equity-focused hedge funds are investing in AI chips and semi-conductor equipment stocks such as Nvidia, Broadcom and AMD; cloud platforms and AI software including Microsoft, Amazon, Alphabet and Oracle; and data centres, power and memory equities such as SanDisk, Micron Technology, Seagate Technology and Talen Energy.

A quick look at Tradewire's 13F filings for Nvidia's investors in Q2 2026, for example, shows that Altimeter Capital has a 19.16% holding, Tiger Global has 9.34% and Maverick Capital holds 5.52%. D.E. Shaw, Millenium Management, Renaissance Technologies and Tudor Investment are among those that added to their Nvidia positions during the quarter, while Citadel Advisors, Tiger Global, Marshall Wace, Two Sigma Investments, Bridgewater Associates and Maverick Capital trimmed theirs.

Maverick Capital, a $16 billion firm, launched a private market fund called Maverick Silicon that invests in semiconductor and chip design and fibreoptic equipment as well as AI infrastructure companies such as data-centre interconnects, hardware security and advanced metrology. Meanwhile Steven Cohen, who runs $58.5 billion Point72 Asset Management, was so convinced by AI's potential that he launched Turion as a standalone strategy in October 2024, targeting the AI hardware and semiconductor supply chain.

How institutional investors are harnessing AI

AI is on the top of investors' minds, according to *BCG's Global Principal Investors Report 2026* that tracks sovereign wealth funds and public pension funds, which manage assets that have grown from $21 trillion in 2015 to $43 trillion in 2025, and are projected to reach $59 trillion by 2030.

Institutional investors can invest in AI in several ways. The first is directly through stocks, or via hedge funds that have an AI equity thesis; second allocating to systematic hedge funds that use machine learning or AI to generate trading signals; and third to hedge funds or private funds that invest in the AI infrastructure thesis such as data centres, semiconductors, energy and related infrastructure.

For example, The New York City Comptroller, which acts as investment adviser, custodian, and a trustee for New York City's five public retirement systems that collectively have $325 billion in assets, has seen a record 19.2% return, net of fees, since the hedge fund programme's inception. The retirement systems allocate 5% to hedge funds and the equity long/short managers have benefited from the continued strength of the AI investment theme, which has contributed significantly to performance.

The *Invesco Global Sovereign Asset Management Study*, which engaged 144 institutions comprising 90 sovereign wealth funds and 54 central banks, highlighted that conviction in AI's structural importance is high, with 77% regarding it as a transformative technology with significant multi-decade growth implications. But for some, translating that conviction into portfolio exposure is proving complex.

As the opportunity expands beyond software into physical infrastructure, energy systems, and national industrial capability, 52% of the sovereign wealth funds cited market concentration as the primary portfolio risk of AI-related investments, reflecting the difficulty of gaining exposure without becoming heavily reliant on a narrow group of large-cap technology companies.

That said, several of the larger sovereign wealth funds are creating dedicated platforms or teaming up with external advisers. In July, Singapore's sovereign wealth fund GIC announced plans to invest an additional $30 billion into hedge funds and is, at the same time, expanding aggressively into AI infrastructure over the next three years to position the fund for AI value-driven long-term growth by investing in data centres, semiconductors and energy and power grids.

The hedge fund part of the sovereign wealth fund's two-pronged strategy will focus on global macro, quantitative strategies and multi strategy/multi-managers to navigate near-term market volatility, provide liquidity, manage market risks dynamically and have low correlation to the rest of the portfolio.

Meanwhile, Qatar Investment Authority launched AI subsidiary Qai, which teamed up with Brookfield last year to establish a $20 billion joint venture focused on AI infrastructure in Qatar and select international markets; and recently launched Doha Investment to manage and accelerate its portfolio of domestic AI and enterprise technology investments.

In Abu Dhabi, MGX was launched in March 2024 by Mubadala Investment Company and artificial intelligence firm G42, with a mandate to invest across the AI value chain and build a local AI ecosystem. Since inception, MGX Fund I, which raised close to $50 billion, has invested in 14 companies. The Kuwait Investment Authority joined the AI Infrastructure Partnership initiative, supported by Microsoft, BlackRock, MGX, and Global Infrastructure Partners, set up to fund AI infrastructure, with expected investments reaching $100 billion globally.

Are there AI risks on the horizon?

Given the short-term exuberance on the potential of AI paired with the need for longer-term capital-intensive investing, many investors are worried about potential corrections, hyped equity valuations and the formations of bubbles. Blackrock characterises AI as a mega force for transformation, which is shifting from capital-light to capital-intensive growth at an unprecedented speed and scale, requiring up-front investment for data centres and energy infrastructure.

Bridging the AI buildout's financing gap between front-loaded investment and back-loaded revenues will need long-term, likely debt-funded, financing. This means greater overall leverage in the system is inevitable. In fact, 'hyperscalers' – Alphabet, Amazon, Meta, Microsoft and Oracle – issued $108 billion in AI-related debt in 2025 and Morgan Stanley estimated that AI-related debt issuance for 2026 so far totals around $450 billion, double that of 2025. It is precisely this AI-related debt surge that could potentially reshape the credit markets that the UK's Bank of England is worried about.

AI capabilities will continue to advance rapidly, but the next phase of AI is likely to be shaped by more than technological progress alone, says Bridgewater's Jensen, highlighting increased AI safety risks that make the case for regulation. Jensen also talks about the emerging risks to frontier labs' revenue growth across regulation, adoption challenges, competition from cheaper models and the looming crunch for capital that labs are about to confront.

AI adoption does not itself demonstrate superior returns. Models can overfit historical data, lose effectiveness as markets change, or incur trading costs that erase apparent advantages. For AI-driven investing to become embedded in the bedrock of asset management, a key driver will be trust, not just in the technology, but the underlying data that feeds it. AI systems are only as reliable as the information they are trained on. Quality, relevance, and breadth of data directly determine the usefulness of AI-generated insights.

Today's investment systems can learn from market data, evaluate past decisions, and adapt the strategy with limited human intervention, but fully autonomous systems that consistently learn, trade profitably, and manage their own risk without human oversight are, for now, much harder to achieve.

Investors keep the faith in hedge funds to deliver

Despite a challenging environment, respondents to this year's *Investor Survey* continued to show a high degree of faith in the hedge funds of South Africa to navigate challenges, seize opportunities and continue to perform.

2026 has been characterised by major geopolitical conflicts, sudden market moves and reversals – making it tricky for funds to outperform so easily as in the gently rising markets of previous years since the global financial crisis.

Nevertheless, investors believe that the sort of opportunity set this creates should provide fertile ground for hedge funds to both protect on the downside and outperform over the cycle.

All respondents expected the industry to continue to grow over the next year, with the majority of growth (70%) to come from retail investors – and the balance from institutional allocators.

Most respondents (80%) expected the best opportunities to continue to come in the dominant equity long/short strategy, but this year the same proportion (80%) also favour multi-strategy – and smaller proportions favour other areas like fixed income, market neutral and commodities.

A large majority (90%) believe that the industry still has lots of room to grow – with plenty of capacity available at existing firms. But a significant majority (70%) also believe that barriers to entry are a problem – with 80% believing not enough new talent is coming through despite a majority (67%) saying that they do commit capital to early-stage managers.

A clear majority (78%) believe there is generally sufficient alignment of interest between managers and investors – though with a significant minority (22%) feeling there is not – and 80% feeling there is 'still work to do' on fees.

Nevertheless, there is still plenty of faith in hedge funds – with 90% believing that they will achieve their return objectives over the next 12 months.

Global macro factors in 2026 continue to affect prospects for investor portfolios. What is your global macro outlook at present? What can we expect from key global markets and economies?

Investor Survey respondents for 2026 highlighted a number of issues in current



George Herman

global markets – from the ongoing wars and geopolitical instability to the opportunities and challenges of artificial intelligence (AI) and the many potential repercussions for markets.

George Herman of CAM Asset Management highlighted two opposing forces driving the market at the moment. One: "Geopolitics and war affecting energy prices, which flows into global inflation and growth expectations. This 'stagflationary' impulse places central banks in a tight spot as their inflation targets require interest-rate hikes, but the accompanying growth slowdown is tough to stomach."

And two: "Massive earnings and capex buildup by the major companies involved in the entire AI food chain. This capex is so large it drives economic growth, but also doubles the supply of paper in the bond markets.

"Combine this with the energy shock and bond markets are facing a buyers' revolt," Herman warned. "The panic might be overdone or it will fizzle out through the next six months. Either way, bonds are entering value territory. Equity volatility is bound to rise as the AI scramble matures and rolls over. At that point, you want to own bonds and alternatives."

Kagiso Mathole of Momentum said his global macro outlook was one of continued but uneven global growth, accompanied by renewed inflationary pressures and structurally higher macro volatility. "Geopolitical tensions, elevated energy costs, changing trade relationships, and significant fiscal spending are complicating the inflation outlook and forcing central banks to maintain relatively restrictive monetary policy," he said. "At the same time, AI-related investment remains an important structural tailwind, supporting capital expenditure, productivity expectations and activity across the global technology value chain. However, this is also becoming a potential concentration risk if the eventual productivity and earnings benefits fail to justify the scale of investment and market expectations."

Mathole predicts continued divergence across the major economies, with the US remaining relatively resilient, supported by technology investment and fiscal spending, although inflation and fiscal sustainability were important concerns. Europe faced a more difficult energy/growth/inflation trade-off, while China should continue generating respectable growth but still had to address structural imbalances in its economic model.

For emerging markets, including South Africa, this environment creates both risks and opportunities, Mathole argued, with South Africa continuing to benefit from progress on structural reforms and improved macroeconomic credibility, but remaining exposed to global energy prices, trade conditions and risk sentiment.

"From an investment perspective, I therefore expect greater dispersion across countries, currencies, interest rates and commodities. This should favour active management and strategies capable of exploiting relative-value opportunities, while making diversification increasingly important in our clients' portfolios," he said.

"The key message is that this is a higher-volatility world in which inflation, geopolitics, fiscal policy and technological disruption are likely to create both significant risks and attractive investment opportunities."

Anthony Hall said Corion Capital remains "cautiously constructive" on the global macroeconomic backdrop. Despite persistent geopolitical uncertainty and elevated energy prices, global growth has proved remarkably resilient, he pointed out.

"Consumer spending remains healthy, corporate earnings have generally sur-

prised to the upside and investment in AI and digital infrastructure continues to support economic activity," said Hall. "Forward-looking indicators, including PMIs, remain broadly consistent with continued expansion rather than recession. Growth is also becoming more geographically balanced, with Europe and select emerging markets showing greater resilience as US exceptionalism begins to moderate.

"While energy-related pressures have pushed headline inflation higher, underlying inflation trends remain more encouraging," Hall continued. "Core inflation continues to ease across many developed markets, wage pressures have moderated and the broader disinflationary trend remains intact."

Corion believes markets have become somewhat too pessimistic on the interest-rate outlook, with yield curves pricing in significant policy tightening despite improving underlying inflation. Central banks were likely to remain cautious, but the hurdle for materially higher rates appeared elevated.

"Against this backdrop, we remain constructive on risk assets," Hall said. "Equities continue to benefit from resilient economic activity and a supportive earnings environment, while the substantial repricing in bond markets has created increasingly attractive real-return opportunities and restored meaningful income to fixed income portfolios."

He added that stretched valuations in parts of the US equity market, geopolitical uncertainty and fiscal risks remained important sources of vulnerability. "We therefore favour a well-diversified approach that balances participation in equity market upside with attractive bond yields, while retaining the flexibility to navigate a more uncertain and potentially volatile environment."

Kwazi Mbhele of Novare Investments struck similar themes: the global outlook remained uncertain, with economic resilience being tested by persistent geopolitical tensions, inflation risks and elevated government debt.

"We expect this to continue creating volatility across currencies, commodities, interest rates and equity markets," he said, noting that Novare remained cautious about making portfolios dependent on a single macroeconomic view.

"For investors, the difficulty is that there are several plausible macro outcomes rather than one clear direction. Markets have also demonstrated that relationships between asset classes can change quickly as inflation, monetary policy and geopolitical expectations shift," he said. "In this environment, diversification across genuinely different sources of return becomes increasingly important. We favour strategies that can adapt as conditions change and generate returns without being entirely dependent on traditional markets moving higher."

Rob Enslin of STRATEGIQ Capital said the firm's Q4 2026 house view remained selectively positive, with an emphasis on diversification and managing risk. Global growth continues to demonstrate resilience, with AI driving a structural investment and productivity cycle. However, questions around the sustainability of earnings momentum, growing fiscal pressures and a more supply-driven inflation environment argue for a disciplined approach to portfolio construction.

"We favour diversified participation across regions and asset classes rather than relying on broad market gains," Enslin said. "Emerging markets remain attractive, supported by more favourable relative valuations and an expected gradual weakening of the US dollar. Value-oriented investments and select non-US markets also offer useful diversification opportunities.

"We remain selective on long-duration developed market bonds, favouring a measured approach to duration and flexible income strategies. Alternatives and real assets continue to play an important role in building portfolio resilience as the investment landscape evolves."

Adam Bulkin of Edify Invest noted that there had been very strong earnings growth in many regions, including the US and emerging markets, in part driven by AI infrastructure demand (such as processor units and memory chips). This earnings growth had been the primary driver of equity returns – not higher multiples – and contributed to increased concentration in global markets.

"From a GDP perspective, we have seen robust growth. In the US, this has been generated by AI investment and a resilient consumer, even in the face of higher interest rates. This growth, alongside higher energy costs, has driven inflation higher. Bond yields have been forced higher as a result across the US, the Eurozone and Japan."

Bulkin's outlook was therefore one of caution for several reasons: while it is possible that inflation will moderate and bond yields decrease, this will likely only be as a result of decreased growth (although a resolution of the war between Iran and the US may start to bring energy prices down).

"Alternatively, if growth continues, it will force central banks to keep interest rates elevated. At some stage, higher discount rates and tighter monetary policy will weigh on risk assets. In addition, US equities are, at least at index level, fully valued and incorporate expectations of very high earnings growth and profit margins," he said.

"To us, this means that bond yields may be closer to offering value and equities may be closer to a correction, but the timing is very uncertain and is probably not right now," Bulkin added. "We therefore remain invested in risk assets and monitor duration for opportunities, but cautiously so. Finally, EM equities look relatively attractive on a valuation basis, including South Africa."

Given Phaladi of Regive Capital said his global macro outlook remained broadly consistent with the view he held entering 2026, although geopolitical tensions and associated supply-side shocks have become more pronounced.

"The US remains an important anchor for global growth, but inflation continues to exceed the Fed's 2% objective, creating broader inflationary pressures and uncertainty around the trajectory of interest rates," Phaladi said.

He expects an "uneven recovery" in Europe, with industrial, defence, infrastructure and select technology sectors potentially benefiting from increased investment, while energy-sensitive sectors remain vulnerable to supply disruptions and elevated input costs.

The Chinese economy continued to show a divergence between internationally competitive sectors and a weaker domestic economy: while select export-oriented sectors remain resilient, subdued domestic demand continues to weigh on the broader recovery.

Phaladi said the external environment remains challenging for South Africa, particularly through imported inflation and energy-related pressures. These dynamics could sustain inflationary pressures and potentially keep interest rates higher for longer, creating a more complex environment for domestic asset prices and economic growth.

"Against this backdrop, we remain positioned for dispersion rather than a single dominant macroeconomic outcome," he added. "We believe this environment reinforces the importance of diversification, active manager selection and strategies capable of navigating different market regimes, while maintaining a strong focus on capital preservation and risk management."

For Jacques de Kock of MitonOptimal, global macro dynamics in 2026 continue to be shaped by a complex interplay of AI-driven market concentration, geopolitical fragmentation, and diverging monetary policy paths.

"Our central view is that liquidity and

broadening participation continue to support growth assets, but concentration in US mega-cap AI, elevated developed-market sovereign yields, geopolitical escalation, and China/Taiwan tail risk argue against undifferentiated risk-taking.

"We remain invested in US and developed-market growth assets, but see AI as both the principal opportunity and the largest concentration risk," de Kock went on. He added that debt-funded AI capital expenditure and a small number of mega-cap companies now accounted for a large part of index returns – leading to a preference for downstream AI beneficiaries, infrastructure, value, and non-US markets over broad index exposure.

MitonOptimal is "cautiously constructive" on emerging markets, with positioning increased during the quarter, but it remained nuanced rather than uniformly bullish, keeping China/Taiwan-linked risk deliberately controlled.

"In fixed income, the team remains underweight developed-market duration given elevated sovereign debt levels and the possibility of further yield spikes, with corporate and high-yield spreads also described as unattractive," de Kock added. "Gold, copper, energy, and agriculture moving in tandem is viewed as a rare and meaningful cyclical alignment, making commodities our highest-conviction current theme."

Markets have been complex this year, amid ongoing geopolitical pressures, yet key indices and sectors have pushed higher. What are the downside risks for investors?

Investors cited a number of potential risks going forward – from rising oil prices, inflation and interest rates to the potential for a bubble to become a bust in equity markets.

Elmien Wagenaar of THINK.CAPITAL summarised the key risks as follows: "Across markets, we believe the relationship between risk and return is becoming increasingly important. The combination of elevated debt issuance, potentially higher long-term interest rates and substantial investment in AI and defence infrastructure creates opportunities, but also the continuation of greater volatility and possible repricing of financial assets."

Given Phaladi of Regive agreed that elevated valuations, persistent inflation, 'higher-for-longer' interest rates and further geopolitical or supply-side shocks were the main concerns.

"While several major indices and sectors have continued to perform strongly, we believe some of this upside may be



Given Phaladi

difficult to sustain given the increasingly complex macroeconomic backdrop," Phaladi said. "We therefore see a greater risk of market dispersion and sharp repricing, particularly where valuations have moved ahead of underlying fundamentals. This reinforces our preference for active strategies and managers that can navigate different economic regimes, manage downside risk and generate returns from relative-value opportunities rather than relying predominantly on broad market beta."

George Herman highlighted three main risks: "One: that the [Iran] war lasts longer and physical energy shortages develop as reserves are drawn down or refining capacity becomes too low to sustain supply. The ensuing inflation spike will break economic growth's back.

"Two: that central banks get swept along with this negative narrative and hike rates by too much.

"And three, that AI monetisation disappoints and tech earnings get revised lower."

For Kwazi Mbhele of Novare, geopolitical risk remains significant, particularly given its potential impact on energy prices, inflation, currencies and financial conditions, while fiscal pressures and elevated government debt were another concern, particularly if interest rates remain higher for longer.

"We would also highlight concentration and valuation risk," said Mbhele. "Strong headline index performance can disguise considerable dispersion underneath, while some areas of global equity markets have increasingly demanding expectations embedded in valuations."

"For South African investors, these global risks can transmit quickly through commodity prices, the rand, inflation and foreign capital flows."

Jacques de Kock said that while key indices had pushed higher in 2026, the MitonOptimal investment team was acutely aware that surface-level resilience can obscure significant underlying fragility, and several downside risks warranted careful attention.

"The most notable reversal of the year thus far occurred within the US equity market, where the Nasdaq 100 – which had powered global equity gains in the first half of 2026 – fell sharply, confirming the growing risk of excessive concentration within US and global equity benchmarks. With the US market now exceeding 65% of the MSCI World, any derating of the large-cap technology complex carries significant benchmark-level consequences," de Kock said.

"US fiscal deterioration is a further concern, with $1 trillion in annual US debt servicing and an absence of political will to reduce deficits being a significant risk to long-duration bonds and, ultimately, sovereign ratings."

MitonOptimal's prevailing geopolitical view is a structural, not cyclical, shift in the global order – US withdrawal from multilateral leadership, entrenched US-China competition, European rearmament, and accelerating trade fragmentation. "All of this can reprice risk assets rapidly, as demonstrated in Q1 2026 when the outbreak of conflict in the Middle East sent oil prices surging above $100 per barrel, reversed the disinflationary trend that had supported markets, and triggered a significant repricing across equities, bonds and currencies," he said.

The team also identified the Japanese yen as a significant macro concern globally, viewing the risk of a disorderly carry-trade unwind as having the potential to generate broad spillovers across global bond and equity markets.

"Domestically, South African political risk remains a medium-term portfolio consideration, with continued political fragmentation ahead of the November 2026 local elections posing risks to governance quality, policy continuity and investor confidence," de Kock added. "Taken together, these risks reinforce our conviction that disciplined diversification, liquidity management, and avoiding concentrated index exposure remain the most reliable tools for protecting client portfolios in a complex and event-driven market environment."

From a duration perspective, Adam Bulkin of Edify cautioned that yields could remain high and move even higher under inflationary and growth conditions, while developed market equities were fully valued and vulnerable to a correction.

"We are therefore in a difficult market from an allocation perspective," said Bulkin. "In addition, if inflation remains elevated and causes higher short-term

Investor survey 2026

2025, 2024 and 2023 survey results are in light blue

1 Do you expect the industry to grow in the next 12 months?



	2026	2025	2024	2023
Yes	**100.0%**	83.3%	100.0%	90.9%
No	**0.0%**	0.0%	0.0%	9.1%
Undecided	**0.0%**	16.7%	0.0%	0.0%

2 If so, where do you expect investor inflows to come from in the next 12 months?



	2026	2025	2024	2023
Institutional investors	**30.0%**	8.3%	27.3%	10.0%
Retail investors	**70.0%**	83.3%	72.7%	90.0%
Offshore investors	**0.0%**	8.3%	0.0%	0.0%

3 Where do you think the growth will be directed?



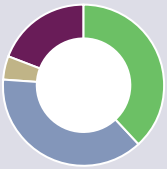
	2026	2025	2024	2023
Qualified investor structures	**0.0%**	8.3%	18.2%	18.2%
Retail investor structures	**100.0%**	83.3%	81.8%	81.8%
Segregated mandates	**0.0%**	8.3%	0.0%	0.0%

4 How will the industry grow in the next 12 months?



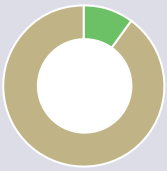
	2026	2025	2024	2023
Existing managers will get bigger	**60.0%**	83.3%	90.9%	100.0%
New independent launches	**10.0%**	8.3%	0.0%	0.0%
New launches from within existing hedge fund houses	**20.0%**	8.3%	0.0%	0.0%
New launches from within institutions	**10.0%**	0.0%	9.1%	0.0%

5 What kinds of strategies do you think will come to market in the next 12 months?



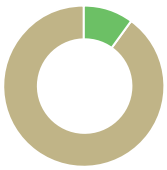
	2026	2025	2024	2023
Fixed income	**40.0%**	33.3%	27.3%	36.4%
Equity long/short	**80.0%**	50.0%	72.7%	45.5%
Equity market neutral	**10.0%**	0.0%	18.2%	18.2%
Multi-strategy	**80.0%**	33.3%	45.5%	36.4%
Other	**0.0%**	8.3%	0.0%	18.2%

6 Does the South African industry have sufficient capacity to double in size (from current AUM levels of around R180billion in single-manager assets)?



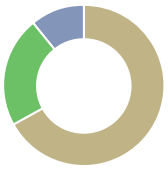
	2026	2025	2024	2023
Yes	**90.0%**	83.3%	72.7%	72.7%
No	**10.0%**	8.3%	27.3%	18.2%
Undecided	**0.0%**	8.3%	0.0%	9.1%

7 Are higher barriers to entry restricting growth in the hedge fund industry?



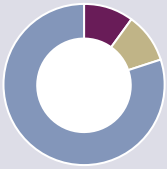
	2026	2025	2024	2023
Yes	**70.0%**	63.6%	63.6%	72.7%
No	**30.0%**	36.4%	36.4%	27.3%

8 Are you allocating to early-stage managers?



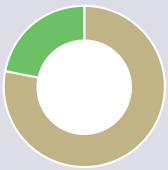
	2026	2025	2024	2023
Yes	**66.7%**	58.3%	45.5%	45.5%
No	**22.2%**	33.3%	54.5%	54.5%
They are considered as part of our process	**11.1%**	8.3%	0%	0%

9 Are fee levels in the South African hedge fund industry:



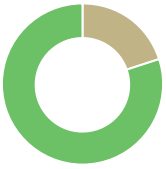
	2026	2025	2024	2023
Too high	**10.0%**	16.7%	18.2%	27.3%
Too low	**0.0%**	0.0%	0.0%	0.0%
Acceptable	**10.0%**	33.3%	18.2%	18.2%
Still need work	**80.0%**	50.0%	63.6%	54.5%

10 In your opinion, are manager and investor interests aligned?



	2026	2025	2024	2023
Yes	**77.8%**	91.7%	63.6%	63.6%
No	**22.2%**	8.3%	36.4%	36.4%

11 Are you seeing sufficient new talent coming to market?



	2026	2025	2024	2023
Yes	**20.0%**	25.0%	36.4%	18.2%
No	**80.0%**	75.0%	63.6%	81.8%

12 Do you expect current and prospective investors to:



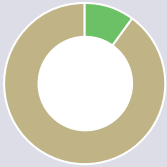
	2026	2025	2024	2023
Allocate via fund of hedge funds	**20.0%**	33.3%	27.3%	63.6%
Allocate via bespoke mandates	**20.0%**	16.7%	27.3%	0.0%
Allocate to hedge funds directly	**0.0%**	50.0%	45.5%	36.4%
Allocate via DFMs or IFAs	**60.0%**	0.0%	0.0%	0.0%

13 Have you exited hedge fund investments this year based on return?



	2026	2025	2024	2023
Yes	**30.0%**	16.7%	27.3%	18.2%
No	**70.0%**	83.3%	72.7%	81.8%

14 Are you confident that hedge funds can meet their stated objectives in the next 12 months?



	2026	2025	2024	2023
Yes	**90.0%**	100.0%	100.0%	100.0%
No	**10.0%**	0.0%	0.0%	0.0%

HedgeNews Africa received responses from 10 fund of funds, advisers and consultants to this year's Investor Survey, which was undertaken in September/October 2026. We thank them for taking the time to participate in this important research: CAM Asset Management, Corion Capital, Edify Fund Managers, Graphite Asset Advisory, Momentum Investments, MitonOptimal, Novare, Regive Capital, STRATEGIQ Capital, THINK.CAPITAL

rates at the same time as bond yields remain high because of fiscal concerns, we could see positive correlation between equities and bonds – where bonds will not generate significantly high returns even as equities fall."

Kagiso Mathole of Momentum highlighted various factors – including rising energy prices; inflation remaining elevated for longer; central banks staying restrictive; bond yields rising; technology earnings disappointing; and leveraged investors being forced to sell.

"Technology earnings disappointment would be the biggest risk in my view," Mathole said. "The risk is not simply that technology earnings disappoint. It is the highly elevated expectations, substantial capital expenditure, and increasing market concentration that turn an AI earnings disappointment into a broader valuation, investment, and economic cycle correction.

"In the US, significant investment in AI infrastructure and strong expectations for future earnings have supported technology valuations and broader market returns. In Taiwan and South Korea, the concentration is arguably even more pronounced because their equity markets and economies have substantial exposure to the global semiconductor cycle."

As Mathole also pointed out, Taiwan became the largest country weight in the MSCI Emerging Markets Index earlier in 2026, largely reflecting that AI-driven semiconductor demand.

Anthony Hall of Corion argued that the biggest danger is that the apparent resilience of equity markets masks a significant concentration of risk.

"Valuations remain demanding in parts of the US market, particularly where expectations around AI-driven growth are already very high," Hall said. "Market-cap weighted indices are also increasingly dependent on a relatively small number of large companies. A disappointment in earnings, AI investment returns or economic growth could therefore have an outsized impact."

Hall noted that the bond market was a second major risk, with high government debt levels and persistent fiscal deficits meaning that long-term yields could remain elevated even if central banks eventually ease short-term rates. "We have already seen how quickly higher bond yields can challenge equity valuations," he said.

Geopolitical escalation, particularly in the Middle East or between the US and China, remained another significant risk because of its potential impact on energy prices, inflation and global supply chains.

"Finally, there is the risk of central bank policy error," Hall said. "If inflation remains sticky, central banks may be forced to keep rates higher for longer, or even tighten further, at a time when parts of the global economy are already slowing.

"The common thread is that investors should not confuse a strong headline index with a low-risk market."



Adam Bulkin

Which asset classes offer upside for investors in the current climate? Should hedge funds be part of the mix?

Respondents cited a variety of asset classes that they view as of interest in the current climate – with equities both in South Africa and globally topping the list for most. Some cited specific sectors and themes of interest, while others also pointed to different asset classes including commodities and real estate as well as fixed income. There continued to be strong support for hedge funds to play a key role.

Kwazi Mbhele of Novare said: "We see opportunities across equities, fixed income and commodities, but would favour diversification rather than making a concentrated asset-class call."

"Hedge funds should certainly form part of the mix," Mbhele added. "Their value is not simply as another source of market exposure, but in providing access to differentiated return drivers through strategies such as long/short equity, market neutral, fixed-income relative value and macro.

"In an environment characterised by geopolitical uncertainty, changing correlations and greater dispersion, the ability to generate returns independently of market direction can be particularly valuable."

Adam Bulkin of Edify concurred: "EM equities look relatively attractive, but given how we see the environment, hedge funds should definitely be part of the mix."

Kagiso Mathole of Momentum took a similar view: "We believe that hedge funds should always be part of the mix, especially in the current climate; diversification remains a strength in investors' portfolios."

"Equities remain king whilst earnings are growing in double-digits," said George Herman of CAM. "Hedge funds *must* be part of the mix, as you'll never time the top perfectly. They reduce the volatility of the overall portfolio and make cash management much more efficient for private clients."

For Given Phaladi of Regive, hedge funds definitely have a role to play in the current environment. "Higher interest rates create opportunities in income-generating assets and private credit, while greater dispersion across equities, currencies, rates and commodities creates opportunities for long/short, global macro and event-driven strategies," he said. "We also see opportunities in select private-market investments, particularly where investors are compensated for illiquidity and credit risk. More broadly, we favour asset classes and strategies where returns can be generated from security selection, relative value and active risk management, rather than relying solely on broad market appreciation."

Phaladi went on: "For us, the role of hedge funds is therefore not simply to provide diversification, but to introduce additional and differentiated sources of return that can perform across different market regimes."

Anthony Hall said Corion saw opportunities in select emerging market equities (including South African equities) and both local and global fixed income, although for different reasons.

"South African bonds remain attractive because of their relatively high real yields, while select South African equities offer compelling valuations after a period in which returns have been dominated by a relatively narrow group of resource counters," he said.

Within global equities, Corion continued to favour selective exposure rather than broad beta, with emerging markets and parts of Asia offering more attractive valuations than many developed markets. Gold and select commodities could also provide useful diversification in an environment characterised by geopolitical and inflationary risks, although Corion would not want to concentrate portfolios around a single commodity theme.

"We believe hedge funds should be a structural part of a diversified portfolio," Hall concluded. "Their ability to short,

hedge exposures, manage net exposure and use leverage selectively gives them tools that traditional long-only managers do not have. In an environment where valuations are elevated and correlations can change rapidly, those tools become particularly valuable."

Jacques de Kock of MitonOptimal added some more specific ideas on sectors and themes: "Downstream AI beneficiaries – including biotech, genomics and clean energy – offer a compelling 'double play', providing AI-enabled growth without the mega-cap valuation risk that has come to define broad index exposure," de Kock claimed. "Defence and cybersecurity [also] represent high-conviction, structural demand driven by NATO's 2%+ GDP commitments and regulation-mandated cybersecurity spend. And critical minerals constitute a long-cycle, supply-constrained asset class supported by Western reshoring policy."

On the domestic front, MitonOptimal's H2 2026 Strategic Asset Allocation rated SA equities as positive on cheap valuations and attractive dividend yields, SA listed property as positive as rates peak and funding costs improve, and SA front-end bonds as positive given front-end value and strong foreign inflows.

On the global equity side, de Kock added that US small caps were entering a rare outperformance window, supported by firmer US cyclical growth, easing energy input costs, and still-accommodative financial conditions. Infrastructure equity valuations were also viewed as attractive, as geopolitical fragmentation and the AI build-out underpin structural demand, and infrastructure has historically been resilient in periods of market stress.

"The collective view is that, in a world of concentrated index leadership and elevated macro uncertainty, carefully selected alternatives and thematic exposures can meaningfully enhance portfolio resilience and return potential," said de Kock.

Elmien Wagenaar of THINK.CAPITAL gave a more generic view on asset classes: "For investors, the challenge is not simply to forecast the direction of markets, but to build portfolios that can withstand different macroeconomic outcomes.

"We favour diversification across independent sources of return, disciplined risk management and a selective approach to both traditional and alternative investments," she continued. "In this environment, capital preservation and resilience matter alongside the pursuit of long-term returns."



Jacques de Kock

Hedge fund returns are positive this year, with the HedgeNews Africa South African Single-Manager Composite adding a median 1.8% to the end of July while global markets have climbed amid significant volatility. Are you satisfied with the way hedge fund managers are performing?

Investor respondents were mostly satisfied with hedge fund performance in South Africa over a challenging first seven months of the year – though with some reservations and quibbles.

"Mostly, yes," argued Jacques de Kock of MitonOptimal. "Although it is getting more and more difficult for hedge funds to talk about risk-adjusted outperformance when long-only multi-asset managers have been performing on par or better over the last 12 months.

"We understand the nuances in that comparison, and we also evaluate hedge fund managers on their ability to outperform their return requirements and benchmarks," de Kock added. "But for clients it's not as easy to stomach when their long-only 'balanced fund portfolio' has performed better."

Anthony Hall of Corion put his assessment as follows: "Yes, broadly speaking – although we would assess performance on a risk-adjusted basis rather than simply comparing hedge funds with equity-market returns.

"The median return to the end of July needs to be considered in the context of the environment. The role of hedge funds is to provide a differentiated return stream, manage downside risk and compound capital over time.

"So we are broadly satisfied, but we remain selective. A positive industry median does not mean every manager has delivered, and there will always be managers whose performance does not justify their fees or risk."

Kwazi Mbhele of Novare had a similar view: "Broadly, yes. However, we do not assess managers purely on absolute returns over a short period.

"This year has included very different market environments and considerable dispersion across strategies. We therefore focus on how returns are generated, including downside protection, drawdowns, consistency, exposure management and whether performance remains aligned with the manager's stated investment process.

"A hedge fund does not necessarily need to outperform equities during a strong equity market to add value," Mbhele went on. "Likewise, a positive return is not automatically satisfactory if it was achieved by taking materially more risk than expected.

"Overall, we remain satisfied with the resilience demonstrated by many South African hedge fund managers, particularly where they have protected capital during difficult periods while continuing to participate when opportunities emerged."

Kagiso Mathole of Momentum said he was "satisfied with the defensive behaviour of South African hedge fund managers" but his "expectations on the absolute level of returns delivered by the median manager were not entirely met. The result therefore may be seen to represent only capital preservation rather than compelling absolute-return generation."

"Yes and No," said George Herman of CAM. "Afrikaans says it better... 'Ja-Nee'. In absolute terms, you can argue that +1.8% median for hedge funds is better than the JSE, which was still negative for the year-to-date by end-July – so yes. However, this also shows that most hedge funds carry too much beta and don't have enough absolute opportunities to generate true uncorrelated returns – so [in that sense] no."

Investors noted that volatility often creating trading opportunities for hedge fund managers, however the unpredictable nature of US policy decisions had made it difficult for managers to maintain conviction in many trades.

"It has been a difficult market for equity-focused hedge fund managers, particularly as, generally speaking, they do not tend to hold beta exposure to resource stocks," said Adam Bulkin of Edify. "In addition, while fixed income markets have presented opportunities, this has come with volatility."

"Domestic hedge funds have generally outperformed domestic equities, and traditional fixed income assets have generated low returns," Bulkin added. "Therefore we view hedge fund performance,

as a broad generalisation, as satisfactory – but not exceptionally good."

Elmien Wagenaar of THINK.CAPITAL said experience had taught her that simply deciding to invest in hedge funds did not guarantee positive returns or a better risk/return outcome. "The challenge is identifying the right styles executed by the right managers and combining them effectively. So we think deeply about the risks we are willing to take," she said. "The year-to-date period is a particularly useful illustration of why this is important. Hedge funds have produced a wide range of outcomes YTD, including a few negative returns and some significant losses. Risk also varies considerably between managers."

Given Phaladi of Regive took a very different view on dispersion in returns: "We expect dispersion among South African-focused hedge fund managers to remain relatively narrow this year, given the common domestic market and macroeconomic drivers," he argued. "However, we expect greater divergence among managers with broader offshore exposures, as differences in regional markets, currencies and asset-class opportunities become more pronounced.

"Performance will ultimately depend on the underlying strategy and the extent to which managers can capitalise on market dispersion while managing downside risk. If current conditions persist, we would expect average returns across the sector to remain in the single digits for the year, although individual managers and strategies may differ materially."

Which hedge fund strategies offer the most potential in current market conditions, and why?

Many respondents continue to view the dominant equity long/short strategy area as the most promising in the current market, given the valuation opportunity and potential upside in equity markets, while still providing downside protection.

CAM's George Herman cited equity long/short as "the best asset class with positive beta".

Others saw opportunities for commodity trading managers, particularly given the potential impact of El Niño on agricultural markets and the increased volatility this could create."

Given Phaladi saw global macro and event-driven strategies as particularly relevant in the current environment, with the combination of geopolitical uncertainty, divergent monetary policies, currency movements and market dispersion creating opportunities for managers who can take positions across multiple



Kagiso Mathole

asset classes and regions.

"We also favour managers with broader investment coverage beyond the JSE, as a wider opportunity set allows them to access opportunities across global equities, rates, currencies and commodities, while reducing reliance on a single market or economic cycle," Phaladi said.

For CIS funds, Kagiso Mathole of Momentum believes in multi-strategy with higher exposure to equity long/short and fixed income arbitrage strategies, while also incorporating other sources of returns.

Adam Bulkin of Edify said valuations in equities and the interest-rate cycle in fixed income both offered good potential for "the patient investor".

Anthony Hall of Corion favoured strategies that can exploit dispersion, volatility and relative-value opportunities rather than relying heavily on a single directional market outcome. "Multi-strategy funds are particularly attractive because they can move capital between opportunities as market conditions change," he said. "Market neutral and relative-value strategies can also be useful where equity valuations are stretched and correlations are unstable."

Within fixed income, Hall saw opportunities in curve positioning, relative value and other forms of bond-market arbitrage, particularly given the significant moves in global and South African yields. Equity long/short remained attractive where managers had genuine stock-picking skill and were able to dynamically manage net exposure.

"The opportunity is increasingly about identifying winners and losers rather than simply being long the market," said Hall. "We also see scope for global macro strategies, particularly given divergence in monetary policy, currencies, commodities and fiscal policy. Ultimately, however, the strategy label matters less than the manager's ability to generate genuine alpha."

Jacques de Kock of MitonOptimal was more ambivalent about the prospects in market neutral. "We think there are many market-neutral funds and the industry is getting crowded very fast," he argued. "We therefore think that long-biased long/short hedge funds with a niche strategy should be highly successful in this environment. Some multi-strat funds also look promising."

Kwazi Mbhele of Novare saw opportunities across several strategies. "As a multi-manager, we deliberately avoid making large bets on one strategy," he said. "We believe the opportunity lies in combining complementary strategies and managers with different expected risk and return characteristics."

Elmien Wagenaar of THINK.CAPITAL focused on the levels of risk being taken: "What is striking is that taking more risk has not necessarily resulted in higher returns this year and has been true across long-only equity and hedge funds," she said. "This is precisely where a lower-risk strategy can add value to a portfolio. The lower-risk complement can deliver productive returns while allowing the higher-risk investments to recover.

"The objective is not simply to take less risk," she explained. "We make the distinction between taking risk and being paid for risk. Finding strategies and managers where the return generated justifies the risk taken and combining these for a more consistent outcome is central to the way we construct multi-strategy portfolios."

What do you look for when allocating to a hedge fund manager, and what will cause you to redeem from a manager?

Investors cited a variety of key factors when deciding to allocate to a manager – as well as things that trigger them to redeem.

They needed to fully understand a strategy and its risks, and then ensure they were adequately compensated for those risks.

"Twenty-five years of analysis has taught us that it is a myth that all hedge funds make money under all market conditions," argued Elmien Wagenaar of THINK.CAPITAL. "Yes, the instruments they use could theoretically produce such outcomes, but the various approaches of using these instruments cause different hedge funds to thrive in different environments.

"Our role on behalf of investors is to discern whether underperformance is proof of strength (of conviction) or weakness (of strategy or risk manage-

ment). Our ongoing reviews cover concentration, correlation, complexity, leverage and liquidity as anchors of a style and strategy. If these measures show any signs of faltering, we will redeem."

George Herman said CAM looked for "a true edge" that can be consistently implemented. "Add to that a manager that sticks to his or her knitting and delivers a return stream as expected from that specific strategy, with no style drift," he said. "We redeem from a manager if the return signature is out of synch with the strategy's expected return in the specific environment. We'll also redeem if certain investment processes in the house are impeded by personnel changes or any other reason."

Given Phaladi of Regive looks for managers with strong conviction in their philosophy and process, supported by consistency, discipline and accountability for outcomes. "We also place significant emphasis on understanding how the manager manages risk, particularly during periods when the strategy is under pressure," he said. "We would consider redeeming from a manager where there is a material or persistent deviation from the stated investment philosophy or process, deterioration in risk management, or a loss of confidence in the manager's ability to execute the strategy.

He added that a period of underperformance on its own would not necessarily trigger a redemption. Regive assessed performance in the context of the strategy, market environment and the manager's investment process.

Anthony Hall said Corion Capital assessed four broad areas: the portfolio manager; track record; strategy; and alignment of interests.

"First is the portfolio manager: Are they experienced, passionate, focused, invested in the strategy and genuinely motivated to succeed?

"Second is the track record: Has the manager delivered what we expected, and has the return been generated consistently and with appropriate risk?

"Third is the strategy: Is it clearly defined, genuinely differentiated and capable of generating returns that we cannot easily obtain elsewhere?

"Fourth is alignment: Are the interests of the manager and investors properly aligned?"

Corion would redeem if any of those factors was materially compromised, including style drift, a deterioration in risk management, loss of key investment personnel, unexplained or persistent underperformance, or a change in the strategy that undermined its original investment thesis.

"There is also a portfolio-level consideration," Hall added. "Even if a manager continues to perform well, we may reduce or exit a position if the opportunity set elsewhere has become materially more attractive."



Kwazi Mbhele

Kwazi Mbhele of Novare said manager research was at the core of its investment process. Novare looked for a clearly identifiable and repeatable source of alpha, a strong and stable investment team, alignment of interests and a robust investment and risk-management process.

Quantitatively, it assessed returns, drawdowns, volatility, correlations, factor exposures and performance across different market environments. Operational due diligence, liquidity, governance and transparency were equally important.

"Importantly, we do not assess managers only on a standalone basis. We ask what role the manager will play and whether they improve the overall portfolio. We also avoid unnecessary duplication of investment styles or exposures between managers," he said.

Mbhele agreed that performance alone did not necessarily trigger a redemption. "We become concerned when there is style drift, unexplained changes in risk, deterioration in the team or process, governance concerns, capacity constraints, or when our original investment thesis no longer holds," he said. "We may also redeem simply because our portfolio no longer requires that exposure."

Jacques de Kock of MitonOptimal said a differentiating strategy and non-correlated return profile was the number one consideration for inclusion in its mandates. "Blending hedge funds can provide something many long-only portfolios struggle to achieve – real diversification benefits. Not just a 'different view' but actual mathematical diversification without giving up on upside returns," he said.

A return not aligned with the specific mandate it had given to a manager would prompt a rethink. "Being unpredictable and not performing as stated on the mandate is the biggest cause for concern in our portfolios," he said.

Adam Bulkin of Edify looked for boutique, owner-managed, focused managers with a great deal of experience. "[We also look for] an approach which clearly delineates an informational, trading or behavioural advantage which should allow returns to be generated consistently, preferably in a manner that is lowly-correlated to broad market betas, such as risk asset or duration betas."

"We would prefer our managers to exhibit asymmetry – capturing more of the upside of a given market than the downside," he said. "We look for a robust approach to risk management. We would redeem from a manager if we were of the opinion that any of these aspects have changed materially, causing our conviction levels to diminish."

Kagiso Mathole said Momentum looked beyond just headline performance when allocating. "We seek managers with a clear, consistent, and repeatable investment philosophy and process, supported by an experienced and appropriately resourced team. We assess the quality of idea generation, conviction, portfolio construction and, importantly, the manager's ability to execute those ideas effectively," he said.

Risk management was central to its assessment, and Momentum favoured managers with robust risk controls who used the hedge fund toolkit effectively, both to protect capital and enhance returns. Transparency was equally important, as it required sufficient access to portfolio information to understand and independently assess underlying risks and exposures. Fees should also be reasonable and aligned with the value delivered.

"Ultimately, we seek consistent, attractive risk-adjusted returns with well-managed drawdowns," Mathole added. "Given that market conditions continually evolve, we also value managers who demonstrate an ability to adapt while remaining true to their underlying investment philosophy and mandate."

Style or mandate drift were a red light, as were a breakdown in risk controls or the investment process, persistent or unexplained underperformance, failure to meet the strategy's objectives, or the loss of key professionals.

"Redemption does not necessarily imply that a manager has failed, but may mean they no longer fit in with our own solution," he stressed. "We continuously assess the opportunity cost of capital. If we identify a more compelling manager within the same strategy, or an alterna-

tive allocation that we believe can improve the portfolio's overall risk-adjusted return, diversification or downside protection, we may redeploy the capital accordingly.

"In essence, we allocate where we have conviction and redeem when either that conviction or the portfolio rationale for the allocation no longer holds."

What types of hedge fund strategies would you like to see come to market in South Africa?

Investor responses ranged from those who were broadly satisfied with the options currently available in the market and/or had a particular interest in very specific strategy areas – and those who would like to see the industry evolve and develop further into new directions.

Adam Bulkin of Edify said he would like to see more commodity-based and multi-strategy funds, while Given Phaladi of Regive Capital suggested more event-driven type strategies and George Herman of CAM called for more "true multi-strategy platforms" to emerge.

Jacques de Kock of MitonOptimal said there was a need for "more leveraged upside, high volatility, high conviction, long-biased hedge funds. A type of mandate that says: 'Yes, we are volatile. But we endeavour to give you the best long-term returns that we can possibly get'."

Kagiso Mathole of Momentum said global macro, systematic or AI-driven, global relative-value and event-driven strategies would increase industry diversity.

"While opportunities remain in the domestic market, South African investors already have significant exposure to local equity and fixed-income risk. Strategies that introduce genuinely different sources of return could therefore improve portfolio diversification," he said.

"Global macro remains particularly interesting given differences in monetary and fiscal policy across countries, currency volatility, interest-rate uncertainty and opportunities across commodities. Global relative-value and event-driven strategies could add another dimension by seeking to monetise pricing dislocations and corporate events rather than relying predominantly on market direction."

Mathole added that advances in technology, computing and data analytics potentially allowed managers to access broader and less traditional sources of return and improve portfolio and risk management. He would also be interested in systematic and AI-driven strategies, although the key would be identifying managers where technology created a genuine and repeatable investment edge, rather than simply adopting AI as a label.



Anthony Hall

"Ultimately, I would like to see strategies that do not merely replicate exposures South African investors already have, but broaden the available alpha sources and improve diversification and downside resilience within an overall portfolio," he said.

Anthony Hall of Corion agreed that the South African industry remained heavily concentrated in equity long/short, market-neutral and traditional fixed income strategies. Corion would like to see greater diversification. In particular, there was scope for more genuine multi-strategy funds, global macro, commodity strategies and systematic strategies.

"We would also like to see more managers looking beyond South Africa," he added. "This does not mean that every South African manager should go offshore. Managers with a genuine local edge should continue to exploit it. But where the opportunity set is better globally, managers should be willing to go there – provided they can demonstrate a clear and defensible investment edge.

"That distinction is important," Hall added. "We do not need offshore exposure for its own sake; we need additional sources of alpha."

Kwazi Mbhele said Novare too would like to see greater strategy diversification. "The South African industry remains heavily concentrated in equity long/short strategies," he said. "While these strategies remain an important part of the opportunity set, a broader universe of genuinely differentiated global macro, commodity, systematic, volatility, relative value and specialist fixed income strategies would provide allocators with additional tools for portfolio construction.

"We would also welcome greater access to global strategies through appropriate South African structures," Mbhele added. "The objective should not simply be to increase the number of hedge funds available. New strategies should provide genuinely differentiated sources of return, have a clear economic rationale and demonstrate appropriate value to add in client portfolios. For multi-managers, a broader strategy universe ultimately allows us to construct more diversified portfolios."

Elmien Wagenaar of THINK.CAPITAL said: "Our analysis shows that individual hedge fund returns are far less explained by the main strategy they follow (for example long/short equity, market-neutral equity, fixed income hedge or multi-strategy hedge) and far more by the style and risk exposures. We are therefore looking for reliable independent sources of return, regardless of strategy."

Is the South African industry making progress on ESG (environmental, social and governance) factors?

Some respondents saw ESG as an area where hedge funds in South Africa were not making much progress – or an area that was not really applicable or appropriate – while others felt that some progress was being made, though not without difficulties or caveats.

Anthony Hall of Corion said there had clearly been progress, particularly on governance, but the industry still had further to go, particularly on the social dimension.

"ESG is also more complicated for hedge funds than for traditional long-only managers because strategies may involve short positions, derivatives and relative-value trades," Hall said. "A simple portfolio-level ESG score therefore does not necessarily tell you very much about how a hedge fund actually incorporates ESG considerations."

In South Africa, Corion believes the social component deserves greater attention. "We operate in a country with exceptionally high levels of inequality, and ESG should not become simply a box-ticking exercise around carbon metrics and board composition," he said. "The focus should increasingly be on whether ESG factors are genuinely integrated into investment decisions and risk management, and whether managers can demonstrate the practical impact of that integration."

Kwazi Mbhele of Novare said there had been progress, although implementation remained uneven across the industry. "Governance has always been particularly important in hedge fund manager selection given the flexibility and complexity of many strategies," he said.

"Environmental and social considerations are also increasingly incorporated

into investment processes and manager engagements. However, ESG integration cannot necessarily be applied uniformly across hedge fund strategies. Its relevance and implementation will differ between a fundamental equity manager, fixed-income strategy and quantitative or macro fund."

For Novare, it was important to distinguish between having an ESG policy and demonstrating how ESG considerations actually influenced investment decisions, risk management and stewardship. "The direction of travel is positive, but there remains room for greater consistency, transparency and practical implementation," he said.

Some respondents were more unambiguously positive – including Jacques de Kock of MitonOptimal, who said: "[ESG] seems to be a great focus area and most managers have embraced it."

Others were a little more ambivalent, but could also see potential for ESG to add value. Adam Bulkin of Edify, for instance, said there had been some progress – but to a limited extent so far.

"Hedge funds do not necessarily lend themselves to the inclusion of ESG factors in the same way as traditional strategies, but hedge fund managers definitely consider ESG factors, explicitly or implicitly, in their analysis," said Bulkin. "In fact, in an asset class such as equities, where hedge funds can make use of shorting, ESG risks and how to identify and manage them may be even more important than in a long-only environment."

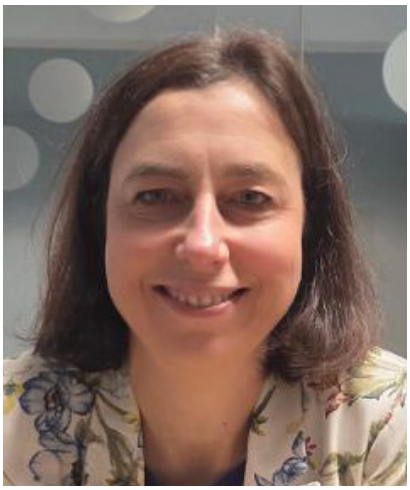
Elmien Wagenaar of THINK.CAPITAL put the focus more on impact: "We believe the industry is making progress, but believe that impactful activities, particularly in South Africa and Africa, are often embedded in corporate behaviour rather than financial products.

"Some asset managers contribute meaningfully, but their impact is not tied to specific products (such as ESG-labelled or impact funds)," she continued. "Their impact arises from the way the firms operate, manage risk, leverage resources and support communities.

"We are hoping that as industry expectations evolve, such non-product non-voting impact will increasingly become a defining marker of institutional responsibility. We are trying to shift the focus from measuring product-based impact to business-based impact."

Kagiso Mathole of Momentum said the South African investment industry had made meaningful progress in integrating ESG considerations, although implementation continues to evolve.

"We see this through our own engagement with appointed external investment managers. As part of our annual responsible investment due diligence process, we assess managers' responsible-investment practices and seek to understand how ESG considerations are incorporated into their investment processes.



Elmien Wagenaar

"Our investment teams have also committed to select UN Sustainable Development Goals (SDGs), which includes encouraging our external managers to have appropriate climate change investment policies in place. Hedge funds are also included in this and we have seen some progress, although there is further work to be done."

More broadly, Mathole said ESG was moving beyond being viewed primarily as a compliance or reporting requirement, and was increasingly considered when assessing investment risk, sustainability of returns and long-term value creation.

Given Phaladi of Regive said the industry was making progress on ESG, although the extent to which environmental and social factors directly influenced investment decisions remained less clear, particularly within hedge fund strategies where positions can be both long and short.

"Governance, however, has always been a critical consideration in our assessment of hedge fund managers and underlying investments," Phaladi said.

"For us, ESG is therefore most meaningful when it is integrated into the investment process and demonstrably influences security selection, risk management and position sizing, rather than being treated simply as a reporting or compliance exercise."

Is the South African hedge fund industry making progress on transformation?

As with ESG, there were a variety of responses from investors about progress on transformation – with many feeling progress was being made, but still had much further to go. There were also various structural difficulties for the industry to overcome.

"Transformation in the hedge fund industry is progressing, but not at the pace it should be," argued Given Phaladi of Regive. "A key priority should be creating greater opportunities for emerging managers and younger, previously disadvantaged investment professionals to enter the industry, build sustainable track records and participate meaningfully in institutional capital."

Kwazi Mbhele of Novare said there had been progress, but transformation remained an area where the industry needed to continue improving. "We are seeing greater diversity within investment teams and the emergence of new managers, but transformation should be assessed more broadly than ownership alone," he said. "Representation within investment teams, senior decision-making roles, graduate development, succession planning and ultimately the allocation of capital are all important. The objective should ultimately be a broader and more sustainable pool of investment talent within the South African hedge fund industry. There is still considerable work to do."

Kagiso Mathole of Momentum said some visible progress had been made by a few hedge fund managers, relating to senior investment roles with decision-making responsibilities, and the allocation of assets to emerging managers.

"I would like to see continued progress in developing and supporting black and female investment professionals, portfolio managers, and emerging hedge fund businesses," Mathole continued. "As allocators, I believe we also have a role to play. Transformation policies by allocators may well be one of the effective ways towards better progress in this regard."

This meant ensuring that Momentum's manager research provided credible emerging and transformed managers with an opportunity to compete for allocations, while maintaining the investment and risk management standards expected of all managers.

Anthony Hall of Corion was encouraged to see a more concerted effort by managers to address transformation. "However, progress remains constrained by structural barriers," he argued. "Building a successful hedge fund business requires capital, assets under management and time, and these barriers can make it particularly difficult for new or smaller managers to establish themselves.

"This creates something of a circular problem: It is difficult to attract institutional capital without scale and a

track record, but difficult to build scale and a track record without institutional capital."

The industry therefore needed to continue focusing on developing investment talent, broadening ownership and creating genuine opportunities for new entrants. "Transformation will ultimately be more sustainable if it is accompanied by the development of profitable, competitive investment businesses," Hall argued.

Adam Bulkin of Edify highlighted one of the key problems for an industry of mainly small firms: "Where you have managers of sufficient size and tenure to allow for transformation to take place, then yes," he said. "[But] where you have a small, owner-managed, boutique firm, transformation is understandably more difficult to achieve."

Elmien Wagenaar of THINK.CAPITAL argued that South Africa's institutional asset owners had already played an important role in transformation by incorporating diversity into their manager allocation decisions. That approach has had a meaningful impact, given the scale of the larger asset managers, and would continue to move the industry in the right direction.

Over the next five years, however, she would like to see the conversation broaden to include the unique role that independent boutiques can play in developing the next generation of investment professionals.

"Smaller firms may not always meet the thresholds required for strategic allocations, nor will they materially shift industry-wide employment numbers because their teams are, by nature, lean," she said. "Yet what they lack in scale, they often make up for in experience. In a boutique environment, professionals are exposed to the full investment process much earlier in their careers.

"They work directly alongside founders and senior decision-makers, take on meaningful responsibility from an early stage, and gain first-hand experience of building investment businesses, engaging with clients and making investment decisions."

Her hope is that institutional allocators increasingly recognise this contribution. "Supporting boutiques should not be viewed only through the lens of ownership or how many people they employ, but also through the quality of the experience they provide and the calibre of future leaders they help develop," she said. "For instance, if we want more women leading investment businesses in the future, we should invest not only in representation today, but also in the environments that accelerate learning, responsibility and leadership."

Do you invest in private debt/credit and what is the opportunity set?

Some respondents do not invest in private credit – or least not yet – as they mostly prefer strategies that focus on more liquid, listed markets.

Kwazi Mbhele of Novare explained that its Mayibentsha portfolios focused on hedge funds, and do not currently allocate directly to private credit. "We recognise that private credit can offer attractive yields, diversification and an illiquidity premium. However, it also introduces different considerations around liquidity, credit underwriting, valuation and investment horizon."

Adam Bulkin of Edify said private credit was an interesting, important asset class, particularly offshore. The smaller South African market still offered a reasonable opportunity set, but there was a limited number of high calibre private credit managers from which to select.

George Herman of CAM described the opportunity set as "young and still undeveloped. It feels like the wild west of the private equity universe 30 years ago!"

Kagiso Mathole said Momentum's Special Opportunity Fund, structured as a fund of funds, provides exposure to select private debt and credit managers: "We believe the opportunity set can be attractive, particularly where managers can provide capital in areas that may be underserved by traditional lenders and where investors are appropriately compensated for credit, complexity, and illiquidity risk," he said. "We believe the opportunity set can justify the additional effort, like having a team dedicated to this sector within our alternatives investment business."

Given Phaladi said Regive recently launched the Soweto Private Debt Fund, which was intended "to capture opportunities in providing businesses with customised financing solutions, particularly where traditional funding may not adequately meet their needs, while allowing business owners to retain their equity."

"The opportunity is supported by a 'higher-for-longer' interest-rate environment," Phaladi argued, "which provides attractive income opportunities for private credit investors while allowing us to structure financing around the specific cash-flow and funding requirements of businesses."

For Anthony Hall of Corion, private credit was an interesting part of the alternatives universe, particularly because the retreat of traditional bank lending has created a funding gap for smaller and mid-sized businesses.

"There are potentially attractive opportunities in areas such as SME lending, asset-backed finance and specialised corporate lending. However, investors should be careful not to assume that the illiquidity premium automatically compensates them for the underlying credit risk.

"Credit spreads have narrowed in some parts of the market without a commensurate reduction in risk," Hall argued. "That makes manager selection, underwriting discipline and position sizing particularly important.

"For us, private credit needs to be assessed on an after-fee, risk-adjusted basis and in the context of the liquidity requirements of the underlying investor. Based on that, we currently do not have a material investment in such."

Do you invest in private equity and other alternatives? What do these asset types have to offer within a broader alternative asset allocation?

Most respondents said they did not invest in private equity or other less liquid alternative investment strategies – though some cited infrastructure and commodities as areas where they do allocate.

George Herman of CAM, for instance, does not invest in private equity at all. "We require liquidity at all times and the fees in PE are exorbitant," he said. "We invest in liquid alternatives. They offer diversification benefits and downside protection during equity drawdowns, whilst being perfectly liquid and transparent."

Kagiso Mathole said Momentum does allocate to PE, with a dedicated alternatives investment team that researches and invests across private markets, including impact investing.

"Interestingly, the challenge is generally not finding attractive opportunities or a deal pipeline. At times, the greater constraint is having sufficient capital available to take advantage of those opportunities," he said. "We view private markets as an important diversifier within an alternatives portfolio, but the allocation needs to be sized appropriately within the overall portfolio's liquidity requirements and risk budget."

Given Phaladi said Regive was another active in private equity. Its Gugulethu Private Equity Fund of Funds provided diversified exposure to private equity opportunities. It had also recently invested in a venture capital fund that provides access to early-stage, high-growth technology businesses developing real-world solutions with the potential to scale across local and global markets.

"Within a broader alternative alloca-

tion, these investments provide access to long-term growth opportunities, innovation and businesses that are typically less accessible through listed markets, while adding diversification to traditional portfolios," Phaladi said."Additionally, we offer protected equity portfolios allocating to structured products with customised payment profiles."

Some respondents who are not active in private equity could certainly see its attractions as an asset class.

Anthony Hall said Corion does not currently invest in private equity, although it saw the potential benefits of providing access to businesses and return drivers that are less directly linked to public markets, as well as giving managers greater influence over the underlying assets.

"The challenge for us is liquidity," Hall explained. "Private equity is inherently a long-term investment, and that needs to be considered carefully when assessing suitability for retail hedge-fund portfolios."

Corion made extensive use of structured notes as an alternative way of accessing traditional asset classes with asymmetric payoff profiles. "For us, the broader principle is that alternatives should earn their place in a portfolio by providing a clearly identifiable diversification or return benefit, rather than simply because they are labelled alternative," he said.

Kwazi Mbhele of Novare noted that hedge funds offered a different proposition: access to alternative sources of alpha and diversification while generally maintaining greater liquidity than private market investments.

"Our expertise and manager research capability have therefore remained focused on hedge funds, where we believe we can construct portfolios across different strategies, managers and risk profiles," he said.

Adam Bulkin said Edify too was not currently active in private equity: "However, we do use listed infrastructure and hedge funds in our portfolios," he added. "Where the liquidity profile and other requirements would allow, we would consider private equity in a broader alternative asset allocation, but we have higher conviction for private credit with the illiquidity disadvantages of private credit outweighed by higher returns, on an absolute and risk-adjusted basis."

In your view what is the optimal blend of alternatives – including hedge funds, private equity, private debt – in a broader investment portfolio?

Most respondents declined to offer specific portfolio proportions on the basis that solutions and appropriate levels would vary depending on the type of investor and their requirements.

But there was universal support for some allocation to hedge funds and other alternatives – as highlighted by Elmien Wagenaar of THINK.CAPITAL: "In my view, it needs to be said that not having alternatives in the portfolio is outdated," she argued. "The investment landscape has changed fundamentally. Correlations between traditional asset classes can rise sharply during periods of market stress, precisely when diversification is needed most.

"A portfolio diversified across equities, bonds and other traditional assets may therefore offer less protection than investors expect. Access to genuinely alternative sources of return is no longer exotic. It is an essential and predictable component of a robust portfolio construction."

Anthony Hall of Corion said there was no single optimal blend with the appropriate allocation depending on the investor's liquidity requirements, risk tolerance, investment horizon, return objectives and fee sensitivity.

"For us, hedge funds are particularly useful because they can provide diversification while retaining relatively high liquidity," Hall went on. "Private equity and private credit can potentially provide illiquidity premia and access to different return drivers, but they require a longer investment horizon and greater tolerance for less frequent pricing and limited liquidity.

"We would therefore be cautious about prescribing a fixed percentage to each alternative asset class. The starting point should be the role each investment is expected to play in the overall portfolio, rather than the desire to achieve a particular alternatives allocation."

Kwazi Mbhele of Novare agreed that there was no "universal optimal allocation" with the appropriate blend depending on an investor's liabilities, liquidity requirements, return objectives, time horizon and governance capacity.

"The more important question is what role each alternative investment performs. Private equity may provide long-term growth and an illiquidity premium, while private credit may provide contractual income. Hedge funds can provide alpha, diversification and downside protection while generally offering greater liquidity."

Mbhele went on: "We believe hedge funds should form a meaningful component of a diversified alternatives allocation, particularly for investors seeking returns that are less dependent on traditional equity and bond markets.

"Ultimately, the objective should be genuine diversification of underlying risk drivers rather than simply allocating predetermined percentages to different alternative asset class labels."

Given Phaladi of Regive said the appropriate allocation to alternatives was ultimately a function of each client's risk tolerance, liquidity requirements, investment objectives and time horizon.

"Our approach is therefore to offer these alternatives as complementary sleeves that clients can incorporate into their broader portfolios," he said. "A diversified allocation across these strategies can provide different sources of return, risk diversification and, importantly, the opportunity to achieve the specific investment and impact objectives of our clients."

Phaladi added: "The key is not necessarily to have an equal allocation to each alternative, but to construct the right combination of strategies for each client's portfolio and objectives."

Kagiso Mathole of Momentum agreed that the key was to combine alternative strategies with different return drivers and liquidity profiles.

"Hedge funds can form an important component because they offer relatively greater liquidity and potentially provide returns with lower sensitivity to traditional market direction. Within hedge funds, we would also diversify across strategies rather than relying on a single source of return."

He noted that private equity could provide long-term capital growth and access to opportunities not available in listed markets, while private debt could provide contractual income and potentially an attractive illiquidity and complexity premium. Other real or alternative assets could further broaden the sources of return and provide additional diversification; in Momentum's case, this relates to impact investing, which has a dedicated portfolio manager looking for real asset opportunities.

"Most importantly, we view the optimal allocation as dynamic rather than static. We should be prepared to adjust the blend as opportunity sets, liquidity needs, and expected risk-adjusted returns change."

Adam Bulkin of Edify agreed that specific allocations depended on the various requirements of the portfolio concerned, such as whether it was for retirement income, or long-term growth. Fee budget, liquidity constraints and risk-return objectives also came into play.

"In general, we would advocate for the inclusion of 10% to hedge funds in a non-discretionary savings portfolio (such as a portfolio whose asset allocation is limited by Regulation 28) and considerably greater for a discretionary savings portfolio," said Bulkin.

"It differs depending on risk profile and investment horizon," said George Herman CAM. "In a fully unconstrained, high risk, long-term portfolio [it should be] between 20% and 30% [into alternatives]."

Do you invest in both global hedge funds and domestic hedge funds? If so, does your approach differ?

Respondents were divided fairly evenly between those that invest only in local South African funds – and those that invest both in SA and with global managers.

Elmien Wagenaar said THINK.CAPITAL invests in both, using substantially the same investment process: "We deep dive into the risk exposures and think about the risks we are willing to take," she said.

But some have a different approach when allocating to managers outside SA, favouring more specialised managers focused on specific geographies or strategies where they had a clear edge, whereas domestic managers tended to be more generalist, with broader mandates.

Adam Bulkin of Edify said their approach globally differed for a number of reasons. "There is a far wider array of strategies available offshore which are simply not present in South Africa," he argued. "Many of the most highly regarded hedge funds offshore are not open to new investors or, if they are, at extremely high minimums. Daily liquid hedge funds are [also] less plentiful, although there is a whole asset class of liquid hedge fund alternatives."

"For this reason, we are more open to multi-managed or multi-strategy funds offshore, and we are able to diversify across types of strategies to a greater extent offshore."

George Herman said CAM's process differs onshore and offshore, but its recipe does not. "We don't have enough intimate knowledge of global managers and thus need a partner to provide that," he said. "We also don't have sufficient global scale to get access to top managers on our own. We partner with a fund-of-funds manager globally to get these benefits, but structure a solution that suits our specific risk-return signature requirements. Domestically, we manage our own multi-manager solution."

Among those allocating only to local managers, some were also keen to point out that this did not mean they had no exposure to global assets – given the diversity of many local portfolios.

As Kwazi Mbhele of Novare put it: "It is important to recognise that investing through a South African hedge fund does not necessarily mean that all underlying economic exposure is domestic. Some local managers invest globally where their mandates permit.

"Our approach remains research-driven, focusing on the source of alpha, manager skill, risk exposures and the role each manager plays within the overall portfolio," he added.

Anthony Hall said Corion currently invests primarily in locally managed hedge funds. However, some underlying managers it uses invest globally and have global strategies within their local hedge funds.

"Our approach to manager selection is broadly the same regardless of geography: We look for a clear investment edge, a repeatable process, strong risk management and alignment with investors.

"The key difference is the opportunity set," Hall added. "South Africa has a relatively deep pool of high-quality hedge fund talent, particularly in fixed income, equity long/short and multi-strategy investing. Globally, however, the opportunity set is much broader, particularly in areas such as global macro, merger arbitrage, distressed credit and systematic strategies.

"As the global opportunity set becomes increasingly important, we would be open to offshore strategies where they provide genuine diversification and a demonstrable edge that cannot be accessed locally."

Some respondents, such as Jacques de Kock of MitonOptimal, said they did not allocate to global managers as of now – though hinted that could change: "That is maybe a potential growth area," he said.

What is your outlook for the South African hedge fund industry in the next five years? In your view, what are the most pressing issues that need to be addressed? And what is the greatest opportunity?

Respondents were generally very positive about the outlook for the hedge fund industry in South Africa, though also raised some concerns about the regulatory environment, investor alignment and education issues still to be addressed.

As Anthony Hall of Corion put it: "We remain positive on the long-term outlook for the South African hedge fund industry. South Africa has world-class investment talent and, importantly, a market characterised by volatility, dispersion and structural inefficiencies. Those characteristics create a fertile environment for skilled active managers.

"The biggest opportunity is for hedge funds to become more mainstream within multi-asset portfolios, particularly as investors increasingly recognise that their role is not simply to generate equity-like returns but to improve the overall risk-adjusted outcome of a portfolio."

"The industry also has significant scope to broaden its strategy range, particularly into global macro, multi-strategy, systematic investing, commodities and other less traditional areas," Hall continued.

The most pressing challenges remained regulatory and structural, he said. Access for investors, platform availability, investment limits and the ability of smaller managers to build sustainable businesses all need continued attention.

"I also think the industry needs to do a better job of communicating what hedge funds are actually designed to do. If investors judge every hedge fund against an equity index during a bull market, they will inevitably be disappointed. The real test is whether the strategy adds value to the overall portfolio through different market environments."

Hall concluded: "Over the next five years, I expect the winners to be managers who can demonstrate genuine diversification, disciplined risk management and repeatable alpha – rather than simply those with the highest headline returns."

"We have a positive view," concurred Adam Bulkin of Edify. "We think the industry will grow over time and take more retail market share."

For Bulkin, the most pressing needs are to do with regulation and alignment of the rules guiding the South African investment market when it comes to investing in hedge funds. "For example, the ability for a unit trust or a tax-free savings account to invest in a retail hedge fund would be very positive for the industry and, in our view, retail investors," he said.

Jacques de Kock of MitonOptimal expects the industry to grow considerably. "There is lots of scope especially when compared to developed market peers. We have some of the best managers in the world and they have proven themselves as such," he said.

"But I think a problem lies within the way fees are charged and what they are used for. Clients expect a certain level of performance – and performance fees need to be charged on such benchmarks. That will align the manager with the client and will greatly improve the perception of hedge funds."

George Herman of CAM said the industry will keep growing as it still represents a small percentage of overall asset

management industry AUM.

"The pressing issues are regulations and tax certainty," added Herman. "The greatest opportunity for growth lies in absorbing new manager talent onto larger existing platforms and diversifying the return streams into pure uncorrelated alpha."

Regulatory issues were on the minds of many. Respondents expect retail allocations to hedge funds in South Africa to continue growing as IFAs become more comfortable but importantly, they sought changes to Board Notice 90 of the Collective Investment Schemes Control Act to allow hedge funds to be included in CIS structures.

Kagiso Mathole of Momentum remains positive on the outlook for the South African hedge fund industry over the next five years, albeit with challenges.

"The industry is becoming increasingly mainstream, supported by a strong regulatory framework, a growing track record and broader investor participation. The greatest opportunity, in my view, is broader adoption," he said. "Retail participation is already increasing significantly, with retail hedge funds attracting record high net inflows during 2025. Continued investor education and greater information sharing between managers, advisers, allocators and clients should help improve understanding of the role hedge funds can play."

He sees hedge funds becoming a more established component of South African portfolios, valued not simply for absolute returns, but for diversification, downside protection and differentiated sources of alpha.

"One of the most pressing issues, however, is the evolving regulatory and tax environment," he added. "Greater certainty around the tax treatment of collective investment schemes and hedge funds is important, particularly given the proposed distinction between retail (RIF) and qualified-investor (QIF) hedge funds. Regulatory developments that broaden the ability of traditional CIS to allocate to hedge funds could provide an important avenue for future growth.

"I also believe existing allocation limits should continue to be reviewed as the industry matures. If appropriately managed, higher limits could allow investors to use hedge funds more meaningfully within diversified portfolios, rather than treating them as peripheral allocations."

With retail investors becoming increasingly significant, Mathole believes investor education will be critical to a positive outcome. "Hedge funds need to be understood not simply as high-risk products, but as strategies that, when appropriately selected and combined, can provide diversification, downside protection and alternative sources of return."

On the tax front, respondents noted that potential changes in the taxation of QIFs was a significant concern for the industry. "It could not only limit the development of new strategies and investment options, but also result in the loss of some existing investment funds that are unable to convert to RIF structures. Ultimately, this risks driving both capital and fund management expertise offshore," said one investor.

He added, however, that the increasing regulatory focus on RIFs may encourage the growth of more 'hedge fund lite' strategies, such as 130/30 funds, that are well established internationally, although these did not offer the same risk-return and diversification benefits as traditional long/short hedge funds.

"We remain positive," added Kwazi Mbhele of Novare. "Our latest *Novare Hedge Fund Survey* shows industry assets increasing from approximately R152.7 billion in 2024 to R187.2 billion in 2025, representing growth of 22.6%. And we believe retailisation is the industry's greatest opportunity. Broader availability through platforms, advisers and DFMs can expand the investor base and increasingly position hedge funds as part of mainstream portfolio construction."

Mbhele cited important challenges, including investor education, which remained critical as hedge funds are still often treated as a homogeneous, inherently high-risk asset class rather than a collection of very different strategies. Regulatory and tax certainty, transformation, accessibility and continued strategy diversification also required attention.

"Over the next five years, the opportunity is for hedge funds to move beyond being viewed primarily as specialist alternative allocations and become a more established component of diversified South African portfolios," he said. "For that to happen, the industry needs to continue demonstrating what hedge funds can contribute: diversification, differentiated sources of alpha and downside protection across market cycles."

Given Phaladi of Regive was also positive but highlighted some structural challenges.

"The transition from QIFs to RIFs, particularly with daily valuation requirements, is a concern. While greater accessibility to retail investors is positive in principle, it can also encourage a shorter-term investment mindset that may not always align with the underlying strategies of hedge funds."

Phaladi said there was also a need to reconsider how performance hurdles are structured. "Rather than focusing predominantly on beating cash or having zero hurdle rates, we believe more meaningful benchmarks, such as SteFi/CPI-plus targets, could better reflect the return objectives of investors and the value being delivered by active alternative strategies. These considerations are usually addressed at the fund-of-funds level, but remain stubbornly sticky at the underlying manager level."

He added that another pressing issue was the rising cost of compliance and operational requirements. Managers increasingly needed to invest in internal operational, risk and compliance capabilities rather than relying predominantly on third-party service providers.

Phaladi concluded: "The greatest opportunity, in our view, is to position hedge funds as a credible long-term component of institutional portfolios, with greater emphasis on differentiated sources of return, risk management and capital preservation rather than short-term performance alone."

Elmien Wagenaar of THINK.CAPITAL offered a broader view of how the industry had evolved thus far in SA as she looked ahead: "The South African hedge fund industry has matured significantly over the course of my career," she emphasised. "I have had the privilege of witnessing its evolution from an emerging, largely unregulated industry to one that has become an established and well-regulated component of the investment landscape.

"Over that time, we have seen the regulation of hedge fund managers, the introduction of frameworks enabling pension funds to invest in hedge funds, and ultimately the regulation of hedge funds as Collective Investment Schemes. Each of these milestones brought its own challenges and opportunities, requiring managers to adapt while strengthening governance, transparency and investor protection.

"The investment landscape has changed fundamentally," Wagenaar added. "Correlations between traditional asset classes can rise sharply during periods of market stress, precisely when diversification is needed most. A portfolio diversified across equities, bonds and other traditional assets may therefore offer less protection than investors expect. Access to genuinely alternative sources of return is no longer exotic. It is an essential and predictable component of a robust portfolio construction."

Market-neutral funds shine as South African market stumbles

South African market neutral and quantitative hedge funds were the top performers in a difficult September for the markets, gaining a median 0.53%.

The broader *HedgeNews Africa* South Africa Single Manager Composite came in -1.16% lower, its worst month since a 3.1% decline in March and one of the toughest months on record.

By comparison, the FTSE/JSE All Share Index fell -5.82% in September and South Africa's All Bond Index was flat. The MSCI World Index declined by -1.31% for the month, while the MSCI Emerging Markets Index dropped -0.89% and the MSCI Frontier Market Africa Index fell -4.71%.

Fairtree Equity Market Neutral FR QI Hedge Fund led the market-neutral category with a net return of 2.73%, followed by Laurium Market Neutral Prescient RI Hedge Fund, which gained 0.91%.

Bateleur Market Neutral Prescient RI Hedge Fund gained 0.85% while Peregrine Capital Pure Hedge H4 Retail Hedge Fund added 0.67%.

For the year so far, Laurium Market Neutral leads with a net gain of 7.08% while AIP NCIS Concentrated Arbitrage QHF has added 4.54% and Bateleur Market Neutral is 3.89% higher.

South African fixed income hedge funds edged a median 0.36% higher for the month as global bonds endured one of their worst months in years.

Acumen SCI Enhanced QI Hedge Fund topped the category with a net gain of 2.34%, followed by Oakhaven Strategic Fixed Income FR QI Hedge Fund, which added 1.2%. Terebinth FI Macro FR Retail Hedge Fund also had a good month, returning 0.82%, while Southchester Smart Escalator Prescient QI Hedge Fund gained 0.73% and Abax Agile FI Prescient Retail Hedge Fund added 0.68%.

Year to date, Oakhaven Strategic is in the lead, with a gain of 14.54%, while Abax RCIS Vega Retail Hedge Fund has added 9.6% and Southchester Smart Escalator is 8.58% higher.

Multi-strategy funds fell a median -1.89% in September, with the solo positive return in the category coming from Coronation Multi-Strategy Arbitrage Hedge Fund, which gained 0.67%.

For the year so far, Blue Quadrant Capital Growth Prescient RI Hedge Fund is ahead with a net gain of 15.23%, despite a tough September, while Coronation Multi-Strategy Arbitrage had added 9.28% and Marble Rock NCIS Keystone FICC Retail Investor Hedge Fund is 6.79% higher.

Long/short equity funds declined a median 2.06% in September, paring losses compared with the broader market with varying returns across the category.

Laurium Long Short Prescient RI Hedge Fund led the category, gaining 2.61%, followed by Storm Capital FR Retail Hedge Fund, which added 2.56%, and Laurium Aggressive Long Short Prescient QI Hedge Fund, which was 1.97% higher.

Returns are mixed across the category year to date, with Storm Capital FR Retail Hedge Fund and Abax Long/Short Equity Prescient RI Hedge Fund both adding more than 6%.

In commodities, Polar Star FR QI Hedge Fund rose 1.79% for the month, and is 13.08% higher for the year so far. Northshore Worldwide Multi-Strategy Prescient RIHF led the worldwide category, adding 1.77% to sit 12.22% higher on the year.

In property funds, the Oakhaven Property FR Retail Hedge Fund delivered a net 1.38% for the month and is now 14.97% higher year to date. Meago Real Estate Prescient RI Hedge Fund and Catalyst Alpha Prescient QI Hedge Fund have also fared well, returning a respective 6.69% and 7.35% on the year, after a flat September.

Amongst Africa-focused funds, Steyn Capital Africa Fund was the only positive equity fund, gaining 0.14%, while in fixed income, the Enko Africa Debt Fund added 0.8%. Both funds have gained more than 20% so far this year.

HEDGENEWS AFRICA INDICES

	Median		Mean	
South Africa	**Sep-26**	**YTD**	**Sep-26**	**YTD**
Long/Short Equity	-2.06%	-1.70%	-2.37%	-2.04%
Market Neutral & Quantitative	0.53%	4.37%	0.30%	3.30%
Single Manager Multi-Strategy	-1.89%	1.22%	-2.27%	2.22%
Fixed Income	0.36%	5.81%	0.35%	6.20%
Africa				
Pan-Africa / AME	-1.89%	23.69%	-1.87%	21.87%
Composites				
HNA SA Single-Manager Composite	-1.16%	2.30%	-1.38%	1.64%
HNA Single-Manager Composite	-0.76%	1.82%	-1.68%	4.22%
Fund of Funds	**Sep-26**	**YTD**	**Sep-26**	**YTD**
HNA SA FOF Composite	-1.40%	0.96%	-1.71%	1.15%
HNA FOF Composite	-1.00%	1.79%	-1.31%	2.45%
Market Indices	**Sep-26**	**YTD**		
FTSE / JSE All Share Index (TRI)	-5.82%	-3.22%		
MSCI World Index	-1.31%	10.66%		
MSCI Emerging Markets Index	-0.89%	21.34%		
MSCI Frontiers Mkts Index	-4.52%	6.70%		
MSCI Frontiers Mkts Africa Index	-4.71%	3.61%		
SA ALBI	0.01%	3.53%		

FoHFs down 1.4% amid September's uncertainty

South African fund of hedge funds retraced by a median -1.4% in September as global markets took a knock, amid renewed geopolitical worries, concerns in the bond markets and the US Federal Reserve's first interest-rate hike in more than three years.

Prime Optimal Qualified Investor FOHF was the top performer for the month, gaining 2.4%, while Alpha Prime Equity Qualified Investor FOHF rose 2.1%.

AF Investments Stable QI Hedge Fund of Funds also had a positive month, with a net gain of 0.53%.

Year to date, AF Investments Stable QI Hedge Fund of Funds tops the tables with a net gain of 5.56%.

Prime Optimal Qualified Investor FOHF has added 4.95% for the first nine months, while Alpha Prime Equity Qualified Investor FOHF has risen 4.4% and RCIS THINK Growth QI Hedge Fund is 3.85% higher.

In Africa ex-SA, the Caveo Africa Fund continues its solid performance, adding 3.81% in September to sit 29.65% higher on the year.

Data tables www.hedgenewsafrica.com/data

Single Managers – Sep 2026

Fund name	Last 3 months	Sep-26	Last 6 months	Last 12 months	YTD return	Ann. comp.	3-yr ann. comp.	5-yr ann. comp.	Incep. date
South African Long Short Equity									
AIP RCIS Long Short QI Hedge Fund	6.86%	-3.45%	4.52%	3.85%	1.36%	14.36%	n/a	n/a	Sep-23
Laurium Long Short Prescient RI Hedge Fund	6.18%	2.61%	3.66%	5.70%	1.68%	10.43%	12.19%	11.37%	Aug-08
Laurium Aggressive Long Short Prescient QI Hedge Fund	5.81%	1.97%	3.74%	8.42%	3.44%	14.80%	14.54%	14.94%	Jan-13
AG Capital Adaptive FR Retail Hedge Fund	4.04%	-4.39%	5.02%	0.00%	2.52%	3.80%	n/a	n/a	Feb-26
Fairtree Assegai Equity Long Short FR QI Hedge Fund	2.95%	-3.22%	-3.00%	8.83%	1.16%	19.30%	13.44%	18.42%	May-12
36ONE Prescient Retail Hedge Fund (RIF)	2.52%	-1.49%	0.39%	8.85%	1.53%	13.84%	14.63%	12.56%	Dec-08
Obsidian SCI Long Short Retail Hedge Fund	2.00%	-2.84%	-0.20%	10.22%	4.09%	12.52%	16.73%	11.48%	Jul-08
Visio Occasio FR QI Hedge Fund	1.87%	1.83%	0.04%	-8.75%	-12.12%	14.59%	14.79%	12.36%	May-09
Nitrogen Nitrogen RCIS Retail Hedge Fund (RIF)	1.78%	0.13%	4.60%	7.56%	3.69%	11.45%	10.73%	11.26%	Aug-06
Fairtree Silver Oak Equity Long Short FR Retail Hedge Fund	1.58%	-6.23%	-4.09%	6.29%	-3.25%	14.44%	21.16%	n/a	Apr-22
Peregrine Capital Dynamic Alpha H4 QI Hedge Fund (QIF)	1.39%	0.78%	2.56%	3.48%	1.52%	11.44%	10.24%	10.51%	Dec-14
Storm Capital FR Retail Hedge Fund	1.31%	2.56%	2.37%	6.97%	6.24%	7.53%	5.83%	3.41%	Aug-06
Peregrine Capital High Growth H4 Retail Hedge Fund	1.14%	-0.47%	8.22%	6.41%	2.96%	13.00%	14.19%	13.20%	Dec-19
Peregrine Capital High Growth H4 QI Hedge Fund	0.79%	-0.26%	6.48%	6.14%	2.74%	21.70%	14.84%	13.75%	Feb-00
Baymont Protected Equity FR Retail Hedge Fund	0.44%	-3.86%	3.15%	5.82%	0.87%	9.82%	13.27%	10.43%	Dec-10
AG Capital Rainbow FR Retail Hedge Fund	0.38%	-6.89%	0.83%	5.21%	-6.31%	15.06%	14.94%	12.28%	Jun-17
Abax Long/Short Equity Prescient RI Hedge Fund (RIF)	0.35%	-0.28%	5.60%	10.95%	6.15%	11.56%	10.45%	10.62%	Nov-01
All Weather CAM Performance Retail Hedge Fund	0.07%	-4.64%	-12.78%	-0.14%	-9.20%	11.91%	11.38%	11.66%	May-14
X-Chequer Diplo FR QI Hedge Fund	-0.11%	-1.10%	-0.52%	1.53%	-0.72%	11.46%	7.46%	8.13%	Jan-20
OysterCatcher RCIS Long Short Retail Hedge Fund	-0.52%	-6.57%	-2.71%	1.74%	-6.56%	20.03%	23.35%	18.93%	Oct-19
Anchor Stable FR Retail Hedge Fund	-0.53%	-2.20%	1.36%	5.48%	1.18%	12.02%	10.54%	12.46%	Jul-03
Steyn Capital FR Retail Hedge Fund (RIF)	-0.69%	-1.91%	-0.67%	5.21%	-0.23%	12.06%	14.15%	13.15%	May-13
Mazi NextGen Long Short Prescient RI Hedge Fund	-1.80%	-0.10%	-2.78%	11.72%	3.04%	10.84%	10.84%	n/a	Oct-23
Visio Retail FR RI Hedge Fund	-2.11%	-0.75%	0.77%	-5.27%	-11.36%	11.74%	13.32%	11.07%	Feb-14
Ninety One Equity Long/Short Hedge Fund (RIF)	-2.24%	-7.51%	-4.75%	-0.02%	-10.00%	11.56%	13.08%	8.08%	Mar-19
Steyn Capital Daily-Liquidity FR Retail Hedge Fund (RIF)	-2.43%	-3.18%	-3.64%	2.77%	-4.24%	11.81%	13.34%	n/a	Oct-22
Anchor Systematic FR QI Hedge Fund	-2.46%	0.00%	-2.30%	2.80%	-1.12%	1.74%	n/a	n/a	Aug-25
Coronation Presidio Hedge Fund (QIF)	-3.19%	-5.21%	-0.10%	-1.15%	-3.66%	13.32%	14.09%	11.57%	Oct-05
Visio Golden Hind FR QI Hedge Fund	-3.23%	1.05%	0.33%	-3.58%	-8.84%	16.71%	12.31%	10.77%	Nov-03
Mazi NCIS Long Short Qualified Hedge Fund	-3.38%	-2.52%	0.16%	7.23%	-2.20%	7.85%	12.20%	9.93%	Apr-14
Protea South Africa FR Retail Hedge Fund	-4.40%	-0.38%	0.24%	-2.85%	-7.36%	9.41%	10.92%	8.40%	Jul-17
Bateleur Special Opportunities Prescient RI Hedge Fund	-5.41%	-1.04%	-0.40%	13.29%	2.51%	14.35%	14.57%	14.52%	Feb-18
Bateleur Long Short Prescient RI Hedge Fund	-6.76%	-1.46%	-2.74%	5.69%	-1.75%	14.11%	11.34%	11.59%	Jan-05
South African Long Short Equity (USD)									
Fairtree Assegai Segregated Portfolio	2.22%	-3.54%	-4.85%	5.00%	-1.78%	12.58%	9.46%	n/a	Dec-21
South African Long Only									
Steen Partners High Equity Prescient QI Hedge Fund	-3.21%	-3.57%	1.13%	3.56%	-3.19%	13.65%	15.99%	n/a	Aug-23
RECM SA Special Situations Prescient Retail Hedge Fund	-3.55%	-3.85%	-5.05%	-3.30%	-6.32%	-3.30%	n/a	n/a	Oct-25
South African Market Neutral and Quantitative Strategies									
Laurium Market Neutral Prescient RI Hedge Fund	3.62%	0.91%	6.10%	10.21%	7.08%	10.58%	13.42%	12.21%	Jan-09
Fairtree Equity Market Neutral FR QI Hedge Fund	3.33%	2.73%	1.66%	7.70%	3.40%	10.12%	4.99%	8.63%	Nov-03
SouthernCross NCIS Market Neutral RHF	2.62%	-0.35%	3.82%	6.65%	1.19%	8.57%	9.53%	9.30%	Oct-17
AIP NCIS Concentrated Arbitrage QHF	2.02%	0.06%	4.24%	6.72%	4.54%	8.77%	9.68%	9.92%	Jul-18
Peregrine Capital Pure Hedge H4 Retail Hedge Fund	1.94%	0.67%	3.76%	5.19%	2.91%	9.75%	10.39%	10.62%	Feb-20
Peregrine Capital Pure Hedge H4 QI Hedge Fund	1.80%	0.65%	3.26%	5.45%	3.05%	17.98%	10.95%	11.33%	Apr-09
X-Chequer Market Neutral FR Retail Hedge Fund	1.51%	0.40%	2.11%	5.15%	2.83%	11.13%	7.93%	7.49%	Jun-06
Bateleur Market Neutral Prescient RI Hedge Fund	1.07%	0.85%	1.54%	8.56%	3.89%	9.46%	7.14%	8.72%	Jul-08
All Weather CAM Market Neutral Retail Hedge Fund	0.69%	-1.82%	-8.71%	1.64%	-4.76%	13.00%	6.82%	8.82%	Sep-17
Oyster Catcher RCIS Smart Alpha Retail Hedge Fund	0.59%	-0.75%	3.30%	6.59%	0.76%	14.29%	15.66%	n/a	Oct-22
Abax Bao NCIS Market Neutral RIF (RIF)	-0.21%	-0.56%	3.31%	3.46%	1.49%	9.77%	8.96%	9.55%	Apr-11
Independent Alternatives Long Short Equity Prescient RI HF	-3.20%	-2.54%	-2.42%	1.06%	-1.38%	5.78%	5.88%	n/a	Jul-23
South African Single-Manager Multi-Strategies									
Fairtree Wild Fig Multi Strategy FR RIHF	7.01%	-2.68%	2.31%	11.92%	3.49%	13.21%	13.38%	n/a	Jun-23
Blue Quadrant Capital Growth Prescient RI Hedge Fund	6.62%	-2.91%	-8.12%	19.46%	15.23%	18.63%	13.87%	17.76%	May-11
Marble Rock NCIS Keystone FICC Retail Investor HF (RIF)	6.52%	-0.90%	7.28%	12.88%	6.79%	11.11%	10.83%	12.15%	Aug-16
Fairtree Wild Fig Multi Strategy FR QI Hedge Fund	5.89%	-1.66%	2.08%	11.12%	4.62%	19.75%	14.67%	18.64%	Aug-10
Abax Alternative Prescient Retail Hedge Fund (RIF)	5.13%	-3.15%	3.22%	5.20%	3.25%	19.55%	n/a	n/a	Jul-24
Differential Gradient Prescient QI Hedge Fund	3.16%	-1.60%	0.29%	5.65%	-4.40%	14.31%	16.96%	14.47%	Oct-19
Coronation Multi-Strategy Arbitrage Hedge Fund (QIF)	3.02%	0.67%	8.47%	16.76%	9.28%	12.28%	17.67%	15.32%	Jul-03
Obsidian SCI Multi Asset Retail Hedge Fund	2.43%	-2.26%	-1.10%	9.15%	3.44%	11.01%	15.24%	10.40%	Oct-07
SouthernCross Multi Strategy Prescient RI Hedge Fund	1.82%	-1.83%	3.42%	5.68%	-1.28%	10.47%	14.49%	13.31%	Jun-18
X-Chequer Duo Multi Strategy FR Retail Hedge Fund	1.68%	-1.00%	0.74%	0.80%	-1.44%	9.33%	6.28%	7.93%	Oct-12
Corion Prosperitas FR Retail Hedge Fund	0.65%	-5.23%	1.45%	6.64%	1.80%	11.63%	8.34%	9.36%	Jun-13
Independent Alternatives Muhu Multi-Strategy Prescient RHF (RIF)	-1.76%	-1.91%	1.08%	7.98%	2.23%	4.93%	10.47%	6.47%	Mar-16

Single Managers – Sep 2026

Fund name	Last 3 months	Sep-26	Last 6 months	Last 12 months	YTD return	Ann. comp.	3-yr ann. comp.	5-yr ann. comp.	Incep. date
Aylett Prescient QI Hedge Fund	-1.92%	-1.87%	-2.66%	1.17%	-3.66%	11.11%	9.17%	10.73%	Jun-08
AIP RCIS Multi-Strategy Retail Hedge Fund	-2.02%	-1.61%	-5.42%	-7.22%	-7.45%	5.03%	7.04%	n/a	Feb-22
AG Capital Variable FR Retail Hedge Fund	-2.56%	-4.41%	-1.70%	-0.41%	-4.00%	10.22%	n/a	n/a	Feb-24
Exito Variable Plus FR QI Hedge Fund	-2.75%	-3.21%	-3.18%	0.65%	-2.65%	9.33%	7.67%	7.49%	Oct-14
Storm Capital Worldwide Select FR Retail Hedge Fund	-4.25%	-6.81%	-5.64%	0.33%	-6.90%	8.36%	10.79%	10.92%	Jun-16
South African Multi-Strategy (USD)									
Fairtree Wild Fig Multi-Strategy USD Segregated Portfolio	5.46%	-2.09%	0.65%	8.81%	3.04%	13.52%	12.88%	n/a	Mar-23
South African Multi-Strategy (AMC)									
AAM Multi-Strategy Actively Managed Certificate	0.92%	-4.85%	1.19%	9.42%	1.46%	14.05%	17.32%	n/a	Dec-22
South African Fixed Income									
Terebinth FI Macro FR Retail Hedge Fund (RIF)	3.65%	0.82%	5.17%	8.98%	6.86%	12.27%	12.62%	11.55%	Apr-13
Southchester Smart Escalator Prescient QI Hedge Fund (QIF)	2.46%	0.73%	5.74%	12.28%	8.58%	12.94%	14.35%	13.43%	Nov-17
Coronation Granite Plus Hedge Fund (QIF)	2.41%	0.13%	7.10%	9.83%	5.91%	10.62%	12.09%	11.72%	Oct-18
Oakhaven Strategic Fixed Income FR QI Hedge Fund	2.17%	1.20%	19.42%	25.11%	14.54%	10.55%	23.94%	14.59%	Oct-12
Coronation Granite Hedge Fund (QIF)	2.14%	0.36%	5.73%	9.60%	6.30%	9.62%	11.56%	9.96%	Oct-02
CAEP RCIS Fixed Income Retail Hedge Fund	2.03%	0.60%	5.74%	10.24%	6.70%	10.51%	n/a	n/a	Dec-23
Fairtree Proton RCIS Retail Hedge Fund (RIF)	1.40%	0.07%	4.87%	9.73%	7.83%	9.91%	9.39%	8.08%	Aug-05
Abax Agile FI Prescient Retail Hedge Fund (RIF)	1.32%	0.68%	4.02%	12.36%	8.15%	17.55%	n/a	n/a	Aug-24
Fairtree Fixed Income FR Retail Hedge Fund	0.67%	-0.76%	1.04%	9.46%	2.29%	10.00%	20.40%	11.94%	Jan-10
Ninety One Fixed Income QI Hedge Fund (QIF)	0.33%	0.45%	2.62%	14.04%	6.69%	11.86%	19.14%	14.48%	Apr-04
Abax Fixed Interest Prescient RI Hedge Fund (RIF)	0.22%	-0.39%	3.35%	12.92%	8.05%	10.92%	14.13%	10.86%	Feb-13
Acumen AcuityOne FR Retail Hedge Fund	0.14%	0.36%	-0.21%	5.61%	2.33%	14.76%	7.77%	8.20%	Sep-09
Acumen SCI Enhanced QI Hedge Fund	0.04%	2.34%	0.70%	9.40%	4.44%	16.07%	11.93%	11.65%	Sep-15
Independent Alternatives Fixed Income Hedge Fund	-0.19%	0.23%	4.06%	10.96%	5.02%	12.59%	n/a	n/a	Jul-25
Matrix SCI Fixed Income Retail Hedge Fund	-2.02%	-0.82%	2.04%	2.90%	-1.76%	14.03%	11.97%	9.84%	Oct-08
Abax RCIS Vega Retail Hedge Fund (RIF)	-2.12%	-0.39%	1.26%	16.81%	9.60%	11.10%	14.16%	11.61%	Jul-18
South African Private Debt									
Greenpoint Specialised Lending Private Credit Fund	3.59%	1.19%	7.55%	15.32%	11.33%	17.74%	15.88%	15.86%	Jun-11
Chrysalis Private Credit Fund	2.64%	0.78%	5.22%	11.01%	7.97%	11.36%	10.92%	10.59%	Aug-08
South African Private Debt (Notes)									
Capitan Series Transaction 1	2.58%	0.93%	5.28%	11.15%	8.15%	11.28%	n/a	n/a	Nov-24
Property-Focused Hedge (ZAR)									
Oakhaven Property FR Retail Hedge Fund	2.33%	1.38%	11.01%	20.54%	14.97%	20.53%	n/a	n/a	Oct-25
Meago Real Estate Prescient RI Hedge Fund	0.88%	0.21%	3.88%	8.62%	6.69%	19.65%	14.26%	12.97%	Sep-19
Catalyst Alpha Prescient QI Hedge Fund	-1.40%	-0.04%	8.32%	16.42%	7.35%	15.75%	14.93%	10.03%	Oct-05
Worldwide Flexible (ZAR)									
Senqu Worldwide Flexible Long Short Prescient RI HF (RIF)	6.46%	-4.80%	9.57%	-5.55%	-2.93%	6.64%	14.48%	6.17%	Jan-17
CAM Worldwide Multi-Strategy Retail Hedge Fund	2.17%	0.12%	3.53%	3.63%	1.60%	7.36%	7.11%	n/a	Jul-23
AG Capital Worldwide Macro FR Retail Hedge Fund	1.20%	-8.42%	7.38%	12.92%	14.70%	6.54%	n/a	n/a	Feb-24
Protea Worldwide Flexible FR QI Hedge Fund	0.09%	-1.54%	10.20%	3.80%	1.57%	10.49%	12.67%	9.26%	Oct-15
Northshore Worldwide Multi-Strategy Prescient RIHF	-0.81%	1.77%	18.16%	7.63%	12.22%	12.38%	n/a	n/a	Nov-23
Rozendal Worldwide Flexible Prescient QI Hedge Fund	-4.11%	-2.58%	-6.16%	0.25%	-4.12%	11.82%	9.69%	11.91%	Apr-18
Cuthman SDR Prescient QI Hedge Fund Class B	-9.00%	-6.02%	-12.66%	-16.67%	-17.08%	8.83%	3.54%	7.84%	Jul-21
Cuthman SDR Prescient QI Hedge Fund Class D	-9.54%	-6.20%	-13.67%	-16.70%	-18.51%	1.91%	3.53%	n/a	Feb-23
Cuthman SDR Prescient QI Hedge Fund Class A	-10.31%	-6.46%	-15.14%	-17.86%	-20.57%	10.23%	3.84%	8.97%	Jul-21
Commodities									
Polar Star FR QI Hedge Fund (QIF)	5.58%	1.79%	6.56%	16.49%	13.08%	18.78%	15.49%	9.92%	Oct-08
Global Focus (USD)									
Craton Capital Precious Metals Fund	13.04%	-11.28%	-3.34%	19.21%	-1.23%	4.46%	46.39%	15.67%	Nov-03
Protea International Hedge Fund SICAV Class B1 (USD)	2.99%	-3.81%	19.59%	8.24%	6.17%	5.77%	17.11%	n/a	Jan-22
Peregrine Capital Vision Fund Segregated Portfolio	1.82%	-0.05%	10.37%	1.27%	1.23%	14.27%	n/a	n/a	Apr-24
Craton Capital Global Resources Fund	-0.02%	-11.89%	-10.87%	4.18%	-9.81%	2.10%	14.45%	3.52%	Dec-08
Peregrine Capital High Growth Offshore Segregated Portfolio	-0.21%	-0.78%	4.64%	2.97%	0.22%	15.13%	11.31%	10.29%	Oct-03
All Weather Capital Global Hedge Segregated Portfolio	-0.35%	-8.77%	-9.37%	9.66%	-2.94%	6.51%	11.59%	n/a	Feb-22
Visio Salveo Global Long/Short Fund	-3.61%	-2.15%	3.27%	1.71%	-9.68%	11.40%	21.28%	10.99%	Jan-18
Global Focus (ZAR)									
Protea Global FR Retail Hedge Fund	4.57%	-1.21%	15.32%	6.24%	7.27%	10.06%	15.26%	9.55%	Sep-17
Independent Alternatives Global Equity Fund	-1.37%	-2.28%	8.72%	5.92%	5.30%	11.34%	13.30%	n/a	Jul-23
Africa Trade Finance / Private Credit (USD)									
Challenger Trade Finance Fund	1.84%	0.52%	4.03%	7.86%	5.93%	7.32%	8.24%	7.83%	Nov-15

To list your fund in the database please email data@hedgenewsfrica.com. See *www.hedgenewsafrica.com* for data updates

Single Managers – Sep 2026

Fund name	Last 3 months	Sep-26	Last 6 months	Last 12 months	YTD return	Ann. comp.	3-yr ann. comp.	5-yr ann. comp.	Incep. date
Pan African Equities - Long / Absolute Return (USD)									
Sustainable Capital Africa Alpha Fund	12.65%	-5.66%	32.06%	70.19%	65.49%	8.82%	41.83%	22.80%	Feb-12
Laurium Africa Limpopo Fund	9.32%	-1.86%	21.19%	37.23%	26.84%	8.42%	35.03%	17.73%	Jan-14
Allan Gray Africa ex-SA Equity Fund	9.02%	-1.91%	20.12%	36.19%	29.31%	8.90%	31.64%	15.67%	Jan-12
Sanlam Africa Equity Fund	8.86%	-3.99%	11.28%	31.76%	19.28%	7.89%	30.68%	14.82%	Jul-15
Steyn Capital Africa Fund	5.97%	0.14%	14.04%	42.74%	29.87%	10.88%	34.30%	20.68%	Sep-11
Coronation Africa Frontiers Fund	5.80%	-2.75%	18.60%	32.14%	21.56%	7.56%	31.32%	11.29%	Oct-08
Old Mutual African Frontiers Fund	5.45%	-2.99%	16.96%	29.91%	19.53%	6.00%	32.03%	13.35%	Jul-10
Pan African Equities - Long / Absolute Return (ZAR)									
Mazi BCI Africa Equity Fund B3	0.92%	-1.82%	10.37%	26.99%	14.61%	7.50%	21.91%	13.99%	Oct-15
Mazi BCI Africa Equity Fund B2	0.75%	-1.89%	9.95%	26.31%	14.09%	7.04%	20.99%	13.08%	Jan-16
Mazi BCI Africa Equity Fund A	0.69%	-1.92%	9.80%	26.22%	14.03%	9.00%	20.75%	12.82%	Jul-17
Africa Fixed Income (USD)									
Enko Africa Debt Fund	6.28%	0.80%	15.69%	31.03%	21.14%	18.38%	31.39%	20.09%	Oct-16
Allan Gray Africa ex-SA Bond Fund	0.51%	-0.98%	8.07%	15.93%	9.85%	8.06%	19.73%	9.21%	Mar-13
Laurium Africa USD Bond Prescient Fund	-1.83%	-2.72%	4.61%	6.37%	2.43%	5.48%	14.39%	4.94%	Dec-19
Frontier/Emerging Markets (USD)									
Steyn Capital Frontier Fund	11.97%	2.48%	18.97%	41.85%	27.53%	16.87%	39.68%	27.88%	Jan-18
Gemcorp Fund I Limited	3.78%	0.20%	8.02%	17.80%	12.72%	10.93%	11.71%	9.92%	Sep-14
Steyn Capital Global Emerging Markets Hedge Fund	-0.45%	-3.88%	-1.92%	1.64%	-2.77%	8.18%	12.07%	n/a	Feb-22

Fund of funds – Sep 2026

Fund name	Last 3 months	Sep-26	Last 6 months	Last 12 months	YTD return	Ann. comp.	5-yr ann. comp.	Incep. date	Return objective
Fund of Funds - South African (ZAR)									
Prime Optimal Qualified Investor FOHF (QIF)	6.22%	2.40%	5.32%	9.15%	4.95%	8.66%	9.51%	Mar-03	CPI + 3%
Alpha Prime Equity Qualified Investor FOHF (QIF)	6.01%	2.10%	5.95%	9.15%	4.40%	8.54%	10.40%	Nov-07	ALSI
Novare Mayibentsha Moderate Qualified Fund of Hedge Funds (QIF)	2.29%	-1.40%	2.12%	6.84%	2.41%	10.37%	9.27%	Apr-03	CPI + 3.5%
Old Mutual Multi-Managers Long Short Equity FoHF	1.97%	-2.22%	0.95%	6.35%	-0.15%	12.51%	13.22%	May-04	STeFI+4%
Old Mutual Multi-Managers Diversified RI Fund of Hedge Funds	1.97%	-2.22%	0.95%	6.35%	-0.15%	8.94%	n/a	Oct-24	STeFI
Novare Mayibentsha Market Neutral Qualified FoHF(QIF)	1.69%	-0.58%	3.02%	7.08%	3.70%	8.36%	9.42%	Jul-10	CPI + 2.5%
Novare Mayibentsha Focused Qualified Fund of Hedge Funds (QIF)	1.62%	-1.83%	2.50%	6.50%	1.59%	9.02%	9.55%	Jul-06	CPI + 4.5%
AF Investments Stable QI Hedge Fund of Funds	1.54%	0.53%	3.56%	9.76%	5.56%	8.94%	9.20%	Jan-06	15% SWIX + 85% STeFI
Amplify Multi-Strategy Fund of Hedge Funds 1	1.53%	-1.05%	2.74%	8.61%	3.64%	8.81%	11.08%	Oct-11	STeFI+4%
Momentum RCIS ZAR Diversified QI FOF (QIF)	1.43%	-0.28%	2.33%	6.92%	3.27%	8.76%	10.58%	Nov-07	STeFI + 5%
CAM Multi-Strategy QI Hedge Fund	1.34%	-0.53%	3.66%	6.03%	2.18%	12.61%	n/a	Jul-23	Cash + 3%
Corion Absolute FR Retail Hedge Fund	1.25%	-0.64%	3.03%	7.37%	2.91%	9.96%	10.91%	Nov-01	N/A
RCIS THINK Growth QI Hedge Fund	1.11%	-0.05%	3.13%	7.95%	3.85%	9.85%	9.90%	Nov-14	STeFI + 3%
Corion Multi-Strategy FR Retail Hedge Fund	1.10%	-2.37%	2.05%	6.73%	0.65%	9.87%	13.33%	May-15	STeFI
AG Capital Fusion Worldwide FR Retail Fund of Hedge Funds	1.06%	-5.91%	2.70%	5.88%	1.07%	13.36%	14.74%	Dec-20	N/A
AF Investments Moderate QI Hedge Fund of Funds	0.93%	-0.19%	3.10%	7.06%	2.74%	9.85%	10.77%	Mar-00	30% SWIX + 70% STeFI
THINK Flexible Growth RCIS Retail Hedge Fund (RIF)	0.43%	-0.96%	3.35%	6.22%	2.10%	8.10%	9.36%	Feb-18	n/a
Momentum RCIS Multi Managed ZAR Equity Hedge QI HF (QIF)	0.30%	-3.35%	-1.42%	3.04%	-2.23%	8.92%	12.30%	Jul-11	2/3 SWIX upside + 1/3 SWIX downside
Edge RCIS Dynamic Equity Alpha QI Hedge Fund	0.08%	-5.41%	-4.24%	4.12%	-4.86%	13.32%	14.21%	Sep-21	FTSE/JSE Capped SWIX TR Index
Edge RCIS Portable Alpha 1 QI Hedge Fund (QIF)	0.04%	-5.43%	-4.29%	4.08%	-4.90%	11.88%	14.30%	Jun-12	FTSE/JSE Capped SWIXTR Index
AF Investments Performance QI Hedge Fund of Funds	0.01%	-1.45%	1.88%	5.81%	0.90%	10.24%	11.13%	Jan-06	40% SWIX + 60% STeFI
AF Investments Focus QI Hedge Fund of Funds	-0.67%	-1.69%	0.35%	0.89%	-2.48%	10.29%	11.05%	Feb-11	65% SWIX +35% STeFI
Momentum Portable Alpha QI FoHF	-0.84%	-6.81%	-4.27%	1.87%	-6.90%	9.46%	16.04%	Aug-14	Capped SWIX
Fund of Funds - Global (USD)									
Aurum Isis Professional Dollar Unrestricted	1.66%	0.72%	3.99%	9.68%	5.89%	6.56%	7.31%	Jul-14	n/a
Aurum Isis Standard Dollar Restricted	1.61%	0.72%	3.70%	9.21%	5.30%	6.04%	6.60%	Apr-98	n/a
Fund of Funds - Pan African (USD)									
Caveo Africa Fund	6.51%	3.81%	8.89%	32.69%	29.65%	6.22%	16.26%	Jun-12	n/a

** estimate*

To list your fund in the database please email data@hedgenewsfrica.com. See *www.hedgenewsafrica.com* for data updates



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