Market Neutral Hedge Fund

1. **What is the fund's objective?**

The All Weather H4 Market Neutral Retail Hedge Fund is a long/short equity market-neutral South African retail hedge fund.

The fund seeks to provide some equity upside with limited downside participation. It targets absolute, risk-adjusted returns over the medium term, regardless of market direction.

The portfolio uses long and short positions to construct relative value trades and isolate stock-specific alpha while reducing directional market risk.

The strategy aims to:

- Deliver returns above cash (STeFI benchmark)
- Maintain low correlation to broad equity markets
- Provide lower volatility and lower drawdowns than the South African equity market

2. **What does the fund invest in?**

The fund follows a fundamentally driven equity market neutral long/short strategy, primarily investing in listed equities.

Investment decisions are based on deep fundamental research and may include:

- Individual long positions
- Individual short positions
- Arbitrage trades
- Correlated and uncorrelated pair trades
- Event-driven trades

- Other opportunistic strategies where appropriate

The strategy seeks to exploit investment opportunities within specific groups of stocks while maintaining neutral exposure to broader market groupings. This may include neutrality across:

- Sectors
- Industries
- Market capitalisation segments
- Geographic groupings

3. Important portfolio characteristics and risks

The strategy is designed to generate returns primarily from relative stock performance rather than overall market direction.

Key portfolio characteristics include:

- Low net market exposure
- Balanced long and short books
- Focus on stock selection alpha
- Reduced sensitivity to broad market moves
- Lower expected volatility than general equities

Key risks include:

- Stock selection risk
- Short-selling risk (including short squeezes)
- Leverage risk (as exposure can exceed NAV)
- Counterparty risk
- Liquidity risk

- General market and macroeconomic risk

While the strategy seeks to neutralise broad market exposure, it cannot eliminate all forms of systematic risk, particularly during periods of extreme market stress or rapid factor rotations.

4. **How long should investors stay invested**

The fund is designed to deliver consistent, risk-adjusted returns across market cycles.

Investors should ideally remain invested for at least 3–5 years to allow long/short alpha and relative value opportunities to compound and to smooth short-term volatility.

The fund's risk profile is classified as moderate, and it is best suited to investors with a long-term investment horizon

5. **Who should consider investing in the fund**

This fund may be suitable for investors who:

- Seek some equity upside with limited downside participation
- Want exposure to a professionally managed equity market neutral long/short strategy
- Are comfortable with hedge fund structures, including leverage and shorting
- Want diversification away from pure market beta
- Value capital preservation alongside return generation

The strategy can serve as a complementary allocation within a broader multi-asset or alternatives portfolio.