

SCM

Steyn Capital

A Hedge Fund Strategy Providing True Asymmetric Returns

*Why limited downside and uncapped upside changes the math
of compounding and quietly fixes investors behavior*

Emerging & Frontier Equity Market Specialist

South Africa
2009

Hedge Funds
Long-only

Africa
2011

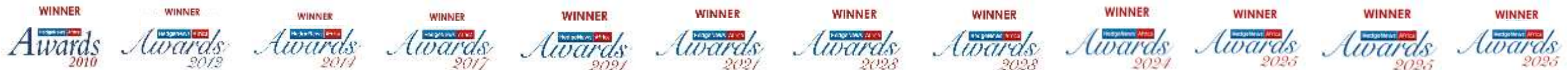
Long-only

Frontier
2018

Long-only

Global Emerging
2022

Hedge Funds
Long-only



Asymmetric Returns: The foundation of long-term compounding

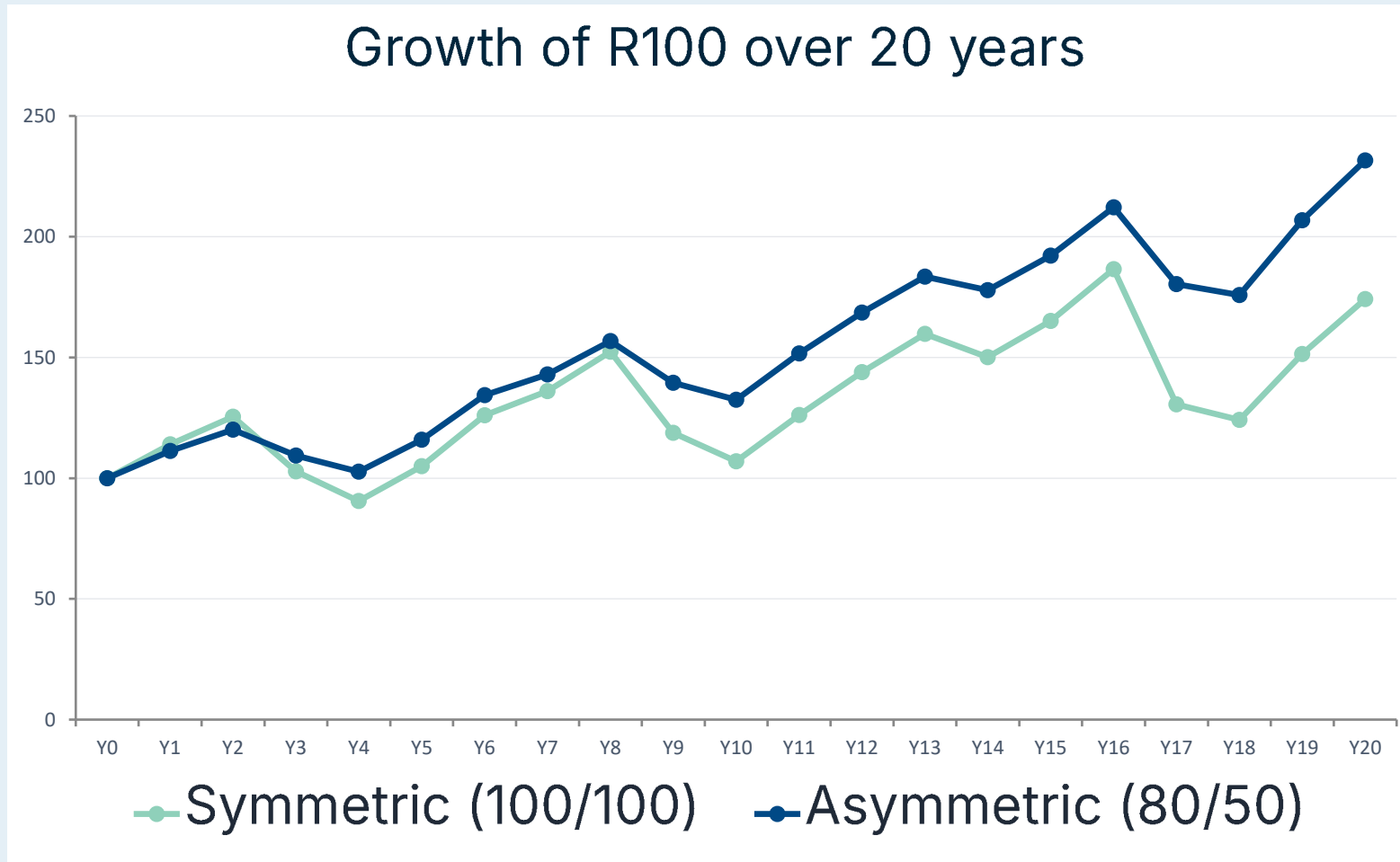
Why it Matters: The "Maths" of recovery

Drawdown	Required gain to break even
-10%	+11.1%
-20%	+25.0%
-50%	+100.0%
-70%	+233.3%

Avoiding losses is mathematically more powerful than chasing gains

Less downside compounds into more wealth

Sacrificing 20% upside to halve downside yields higher final wealth and a smoother path



ASYMMETRIC

R232

SYMMETRIC

R174

Investors don't earn what their funds earn

The Behaviour Gap

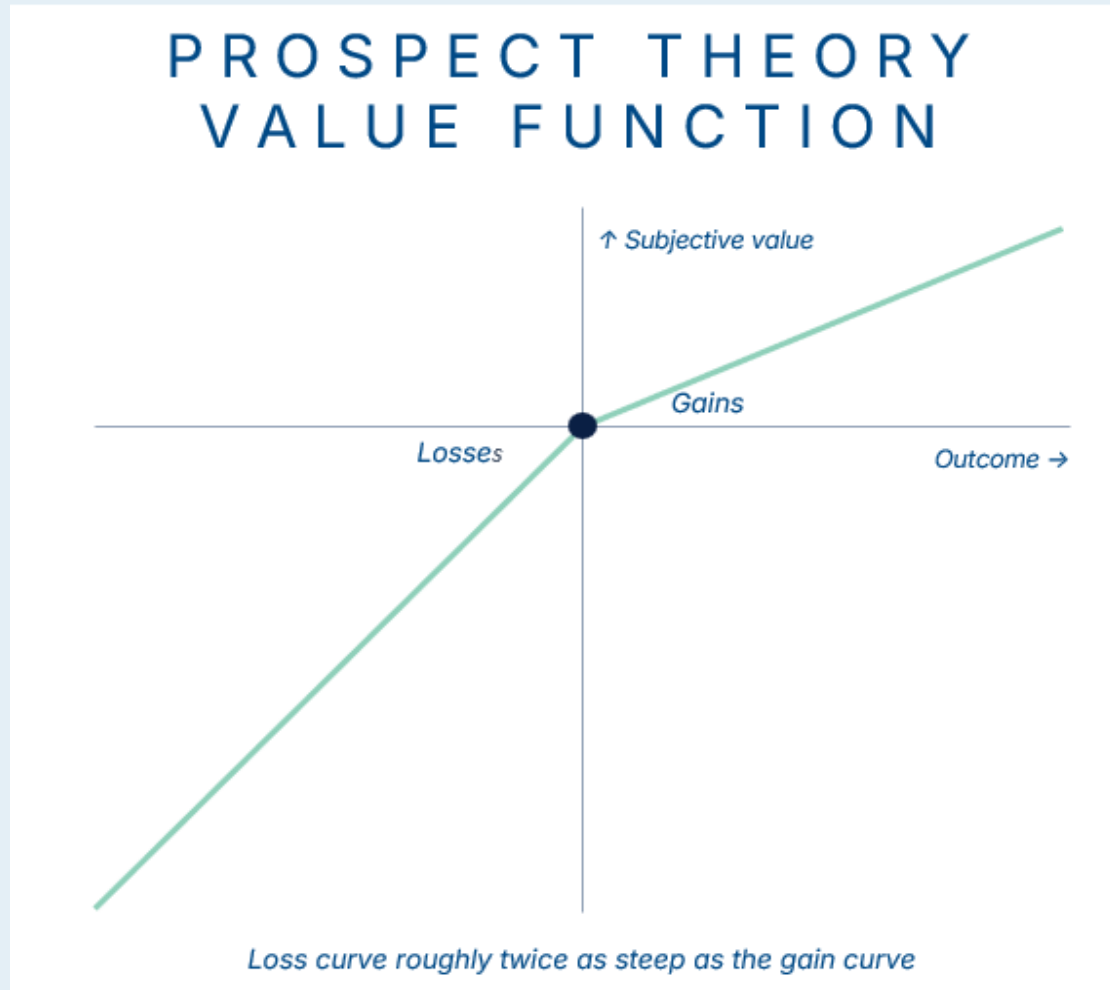
≈ 1.2%

*Annualised shortfall between investor returns
and the funds they invest in*

Three recurring decisions destroy compounding

- 1 Capitulation at the bottom**
Selling near drawdown lows locks in losses precisely when forward returns are highest
- 2 Performance chasing at the top**
Buying after strong runs concentrates allocations at expensive valuations
- 3 Strategy abandonment**
Switching managers mid-drawdown converts paper losses into permanent ones

Loss aversion is hard-wired



Losses register psychologically twice as intense as equivalent gains

Why asymmetry matters – two advantages

MATHEMATICAL

Avoiding deep drawdowns disproportionately accelerates compounding because recovery gains are non-linear in losses.

BEHAVIOURAL

Smoother returns generate less loss-averse pain, reducing capitulation, performance chasing, and strategy abandonment.

Asymmetric strategies don't just produce better numerical returns – They produce conditions that make better decisions more likely

Equity-like returns with significant lower volatility

Average performance of Steyn QIF Hedge Fund in JSE up & down months

5-YEAR

49%

of JSE gains in up months

-28%

fund GAINED in JSE down months

10-YEAR

49%

of JSE gains in up months

-8%

fund GAINED in JSE down months

SINCE INCEPTION

52%

of JSE gains in up months

-18%

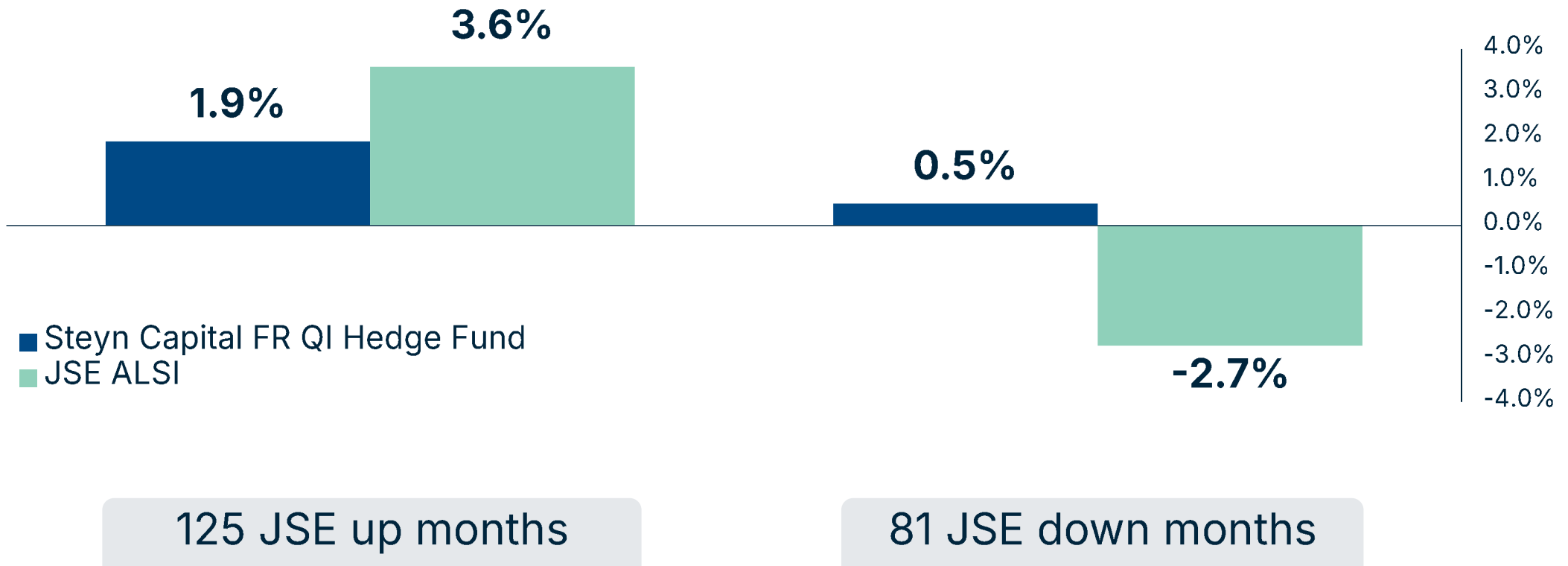
fund GAINED in JSE down months

Source: Steyn Capital Management, June 30, 2026.

Annualised returns are the weighted average compounding growth rate over time. Actual annual figures are available to investors on request. Income distributions are declared on the ex-dividend date. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The investment performance is for illustrative purposes only. Income is reinvested on the reinvestment date. the investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date.

Hedge Strategy: Equity-like returns with significant lower volatility

Average performance of Steyn QIF Hedge Fund in JSE up & down months since inception

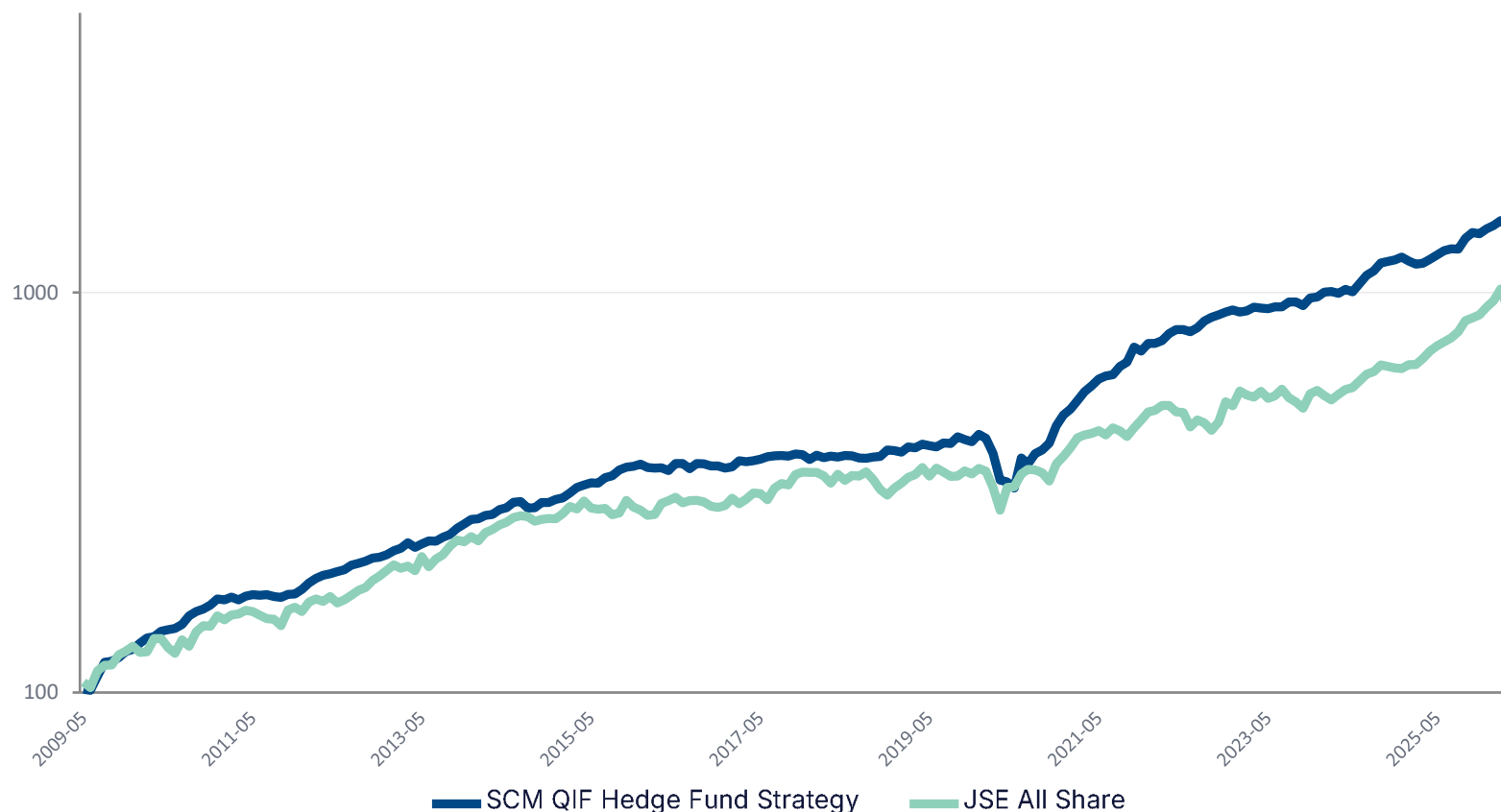


Source: Steyn Capital Management, June 30, 2026.

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Hedge Fund Track record – Long-term investment consistency

Net Cumulative Growth (May 2009 – June 2026)



*Since Inception Annualised
Return*

16.8%

QIF Annualised Alpha

~%3

Volatility vs JSE ALSI Index

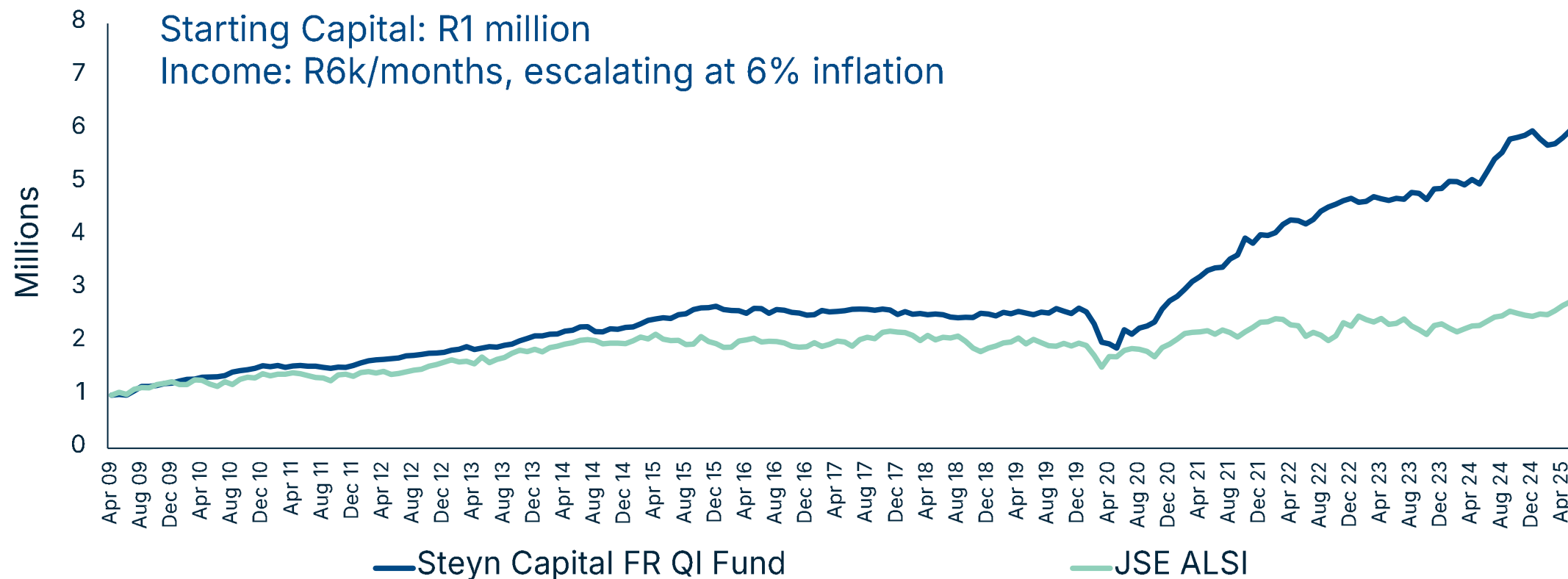
27% Less volatile

Source: Steyn Capital Management, June 30, 2026. Since Inception in May 2009 – Highest 87.04% | Lowest -21.63%

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Reduce sequence risk

The risk-adjusted benefit produced by hedge fund is a compelling reason to use hedge funds in a client's income drawing portfolios

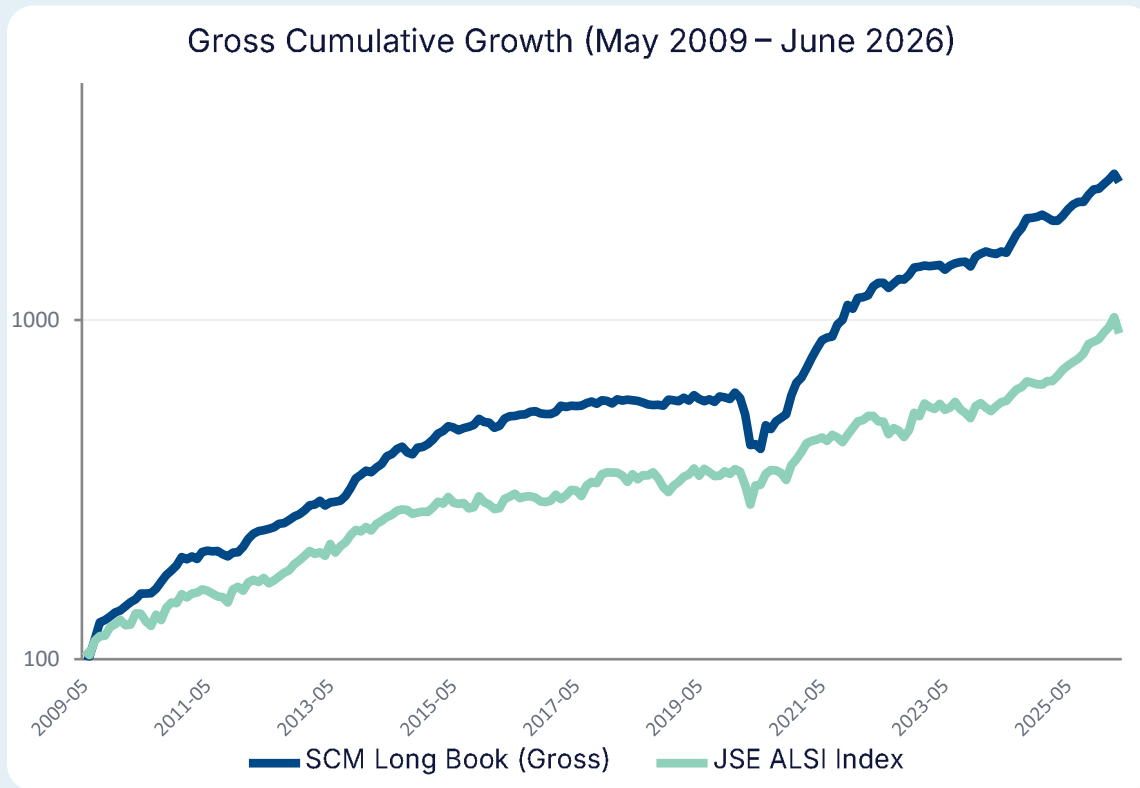


Source: Steyn Capital Management, June 30, 2026.

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Mitigating downside risk in SA & Global Emerging Markets

Independent Long Strategy



Independent Short Strategy



Quality-value Orientated Philosophy

Catalyst Driven, never valuation shorts

Source: Steyn Capital Management, June 30, 2026.

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