

THE BIRD'S EYE

MAY 2022 | EDITION 1

WELCOME NOTE AND INSIGHTS FROM JACQUES CONRADIE

CEO and Portfolio Manager at Peregrine Capital

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WHY HEDGE FUNDS SHOULD BE PART OF YOUR INVESTMENT PORTFOLIO



WHAT ARE HEDGE FUNDS AND HOW CAN THEY HELP TO GROW YOUR WEALTH?

JACQUES CONRADIE
CEO and Portfolio Manager

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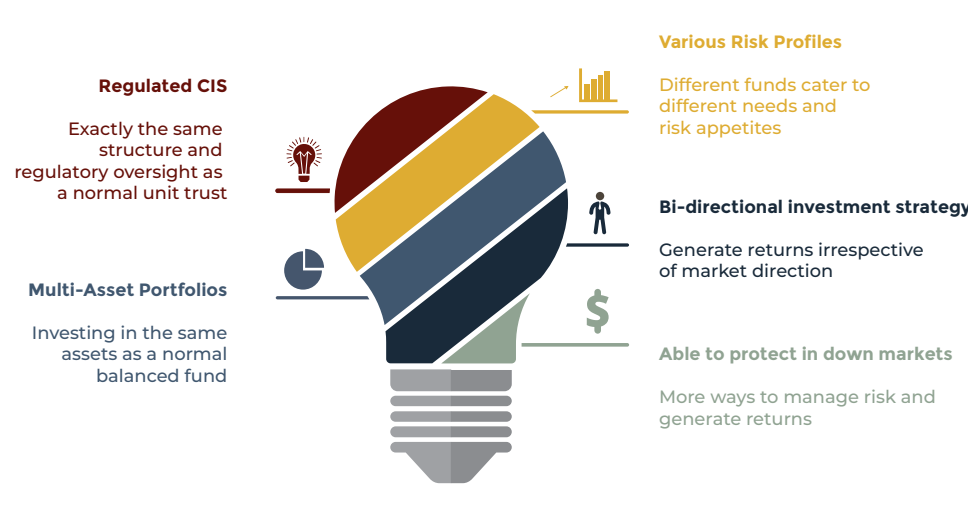
VOLATILE MARKETS ARE WHERE HEDGE FUNDS SHINE

JUSTIN COUSINS
Executive Director and Portfolio Manager

Amid the ongoing pandemic, the war in Europe and the threat of runaway inflation, uncertainty will continue to characterise markets. Hedge fund managers that are willing to do the hard bottom-up work will find the opportunities that other fund managers and analysts are missing.

Read more about Justin Cousins' views on how the current global economic situation offers unparalleled opportunity set for hedge fund managers:

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PEREGRINE CAPITAL'S QUARTERLY FUND PERFORMANCE REVIEW



Matthew Thomson, Portfolio Manager at Peregrine Capital reviews how the market impacted the funds during quarter 1 for 2022.

Q1 was a period of extreme volatility, as markets came to terms with the war in Ukraine, the accelerating pace of inflation and higher bond yields. The Ukraine war has created significant supply/demand imbalances in energy and food, which is fuelling inflation. Higher coal prices have been a significant boon for our position in Thungela, which was a key driver of Q1 performance. Our exposure to Outsurance through RMI was also very strong during the quarter, supported by the news of the impending unbundling that was announced recently. We also benefitted from a stronger Rand, where hedges offset hard currency weakness. Higher inflation rates and spikes in bond yields have resulted in continued pressure on our technology stocks, which were detractors this quarter.

Recent changes in the world order likely mean that commodity prices remain higher for longer, and countries with rich commodity resources like

South Africa will benefit from higher prices over the medium term. While primary industries like mining will be significant direct beneficiaries, the war also likely results in greater investments in local production of key goods and services. We will likely maintain higher exposure to companies like Thungela and Glencore as they are a fantastic tool to hedge the portfolio against the war continuing. SA is well placed relative to other emerging markets at present, and we have increased exposure to certain well placed mid cap industrial names in South Africa. Our Technology companies continue to have strong pricing power and generate very high margins, and multiples remains very attractive at current levels. We have taken advantage of the bounce back in global markets to somewhat reduce net exposure and increase our hedges as the market outlook remains uncertain for the rest of the year. Portfolio construction remains a bottom-up endeavour, and we will continue to adjust exposure based on valuations.

CLICK TO VIEW OUR FLAGSHIP FUND'S YEAR-TO-DATE PERFORMANCE BELOW:

PEREGRINE CAPITAL HIGH GROWTH H4 Q1 HEDGE FUND

PEREGRINE CAPITAL PURE HEDGE H4 Q1 HEDGE FUND

WANT TO LEARN MORE ABOUT OUR FLAGSHIP FUNDS?

OUR HIGH GROWTH FUND

An introduction to Peregrine Capital's High Growth Fund. This is the first fund in South Africa to achieve 100X an investor's initial investment: R1 million invested in the fund in February 2000 is worth more than R100 million now. The fund aims to deliver industry leading long-term investment growth for our investors, while assuming moderate levels of risk.

READ MORE

OUR PURE HEDGE FUND

An introduction to the Peregrine Capital's Pure Hedge Fund. This is the longest running hedge fund in South Africa. It is designed to offer investment stability and downside protection while growing investors' purchasing power. The fund aims to deliver returns above inflation over the medium term and has never had a negative year since its inception in July 1998.

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PEREGRINE CAPITAL IN THE NEWS

Moneyweb editor Ryk van Niekerk spoke to Jacques Conradie about the Peregrine Capital High Growth Fund, the first fund in South Africa to achieve 100x return on an investor's initial investment: R1 million invested in the fund in February 2000 is worth more than R100 million now.

WATCH THE INTERVIEW

Simon Brown, the presenter of the MoneywebNow podcast, interviewed Jacques Conradie about the High Growth Fund. They discussed the investment process, how they are helping clients stay calm when times get tough and what Peregrine Capital is interested in now as inflation rears its head.

LISTEN TO THE INTERVIEW

PAST EVENTS

FIRST QUARTER INDUSTRY EVENTS WE PARTICIPATED IN THAT YOU MAY HAVE MISSED:

2022 VIRTUAL INVESTOR DAY

Our 2022 Virtual Investor Day event was themed "Two Decades at the Coalface" where Jacques Conradie highlighted how our unchanged 23-year old investment process has been our north star. Jacques Conradie spoke what had contributed to the superior performance of Peregrine Capital's funds over the last two decades and included detailed analysis of Peregrine Capital's investment process and the role people play to deliver performance as an outcome.

VIEW THE PRESENTATION

2022 VIRTUAL MEET THE MANAGERS

Jacques Conradie's presentation from the Virtual Meet The Managers Event 2022 was on "5 reasons why active stock selection is vital in the SA equity market."

VIEW THE PRESENTATION

PEREGRINE CAPITAL AT THE HEDGENEWS AFRICA SYMPOSIUM

Matthew Thomson, Portfolio Manager, participated in a panel discussion regarding global market opportunities with other industry thought leaders. The talk delved into the ethics of owning Russia, commodities, energy prices and how to prepare portfolios for war (or Covid) and other 'gray rhinos'.

WATCH THE RECORDING

CURRENT EVENTS

 Hedge Fund Masterclass on Asset TV South Africa with industry heavyweights like Peregrine Capital's founder and executive chairman David Fraser, 36One Co-founder & Director, Cy Jacobs and Andre Steyn, CEO & Portfolio Manager at Steyn Capital Management 4 MAY 2022

WATCH HERE

 Investment Forum – Johannesburg 13 AND 14 JUNE 2022

FIND OUT MORE

 Investment Think-Tank with Peregrine's Portfolio Manager Matthew Thomson 11 AUGUST 2022 – DURBAN
17 AUGUST 2022 – POTCHEFSTROOM
19 AUGUST 2022 – BLOEMFONTEIN
23 AUGUST 2022 – GQEBERHA / PE

FIND OUT MORE