Steyn Capital Daily-Liquidity FR Retail Hedge Fund

Q3 2026
General Investor Report

Steyn Capital

Portfolio Profile

The Steyn Capital Daily-Liquidity FR Retail Hedge Fund is a value orientated long/short portfolio predominantly investing in South African listed equities and includes an allocation to global emerging markets. The portfolio follows a bottom-up stock selection approach.

The following investment restrictions are applied in the portfolio:

- Gross exposure is limited to 200% of net assets
- Net exposure is limited to between 25% and 100% of net assets

Objectives & Strategy

The fund's primary objective is achieving high absolute rates of return over the long term, while minimizing the risk of capital impairment. The investment strategy is to maximize investor capital by buying securities with trading values materially lower than their intrinsic values, and by selling short securities with trading values materially higher than their intrinsic values.

Our investment process ensures that our portfolio is constructed on a bottom-up basis with only the best ideas generated through our research-intensive investment process included in the portfolio. Ideas are generated both via a proprietary quantitative screen, which is populated with clean accounting data by our analysts, as well as applying rigorous forensic accounting research to all earnings reports to detect obscured fundamental strength or weakness.

Portfolio Details

Investment Manager	Steyn Capital Management (Pty) Ltd	
Portfolio Manager	André Steyn	
Portfolio Classification	Retail Investor Hedge Fund - South African - Long/Short Equity - Long Bias	
ISIN / JSE Code	ZAE000315313 / STNCL1	
Risk profile	Medium	
Launch Date	18 October 2022	
Portfolio Valuation	Daily @ 3pm	
Subscriptions and redemptions	Daily	
Transaction cut-off time	2pm	
Minimum initial investment	R10,000	
Distributions	Annually on 31 December	
Last distribution per unit	Dec 25: R34.40	
Strategy size	R5 018 million	
Portfolio size	R1 680 million	
Participatory interests	1 149 040 units	
NAV unit price	R1 450.08	
Service Fee (incl. VAT)	Service Fee	
	Investment Manager Fee	0.58%
	Other Service Fees	0.17%
	Total Service Fee	0.75%
Performance Fees (excl. VAT)	15% on performance above a since inception HWM	
High water mark	Yes	
Cost Ratios (incl. VAT)	Service Fee (incl. base fee of 0.58%)	0.75%
	Other fees	0.17%
	Performance Fee	2.24%
	Total Expense Ratio	3.16%
	Transaction Costs	0.70%
	Total Investment Charge	3.86%

Portfolio Performance

Monthly returns net of fees (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022										1.78*	1.67	0.07	3.55
2023	-1.23	-0.35	2.83	-0.13	-2.20	1.98	0.47	2.05	0.26	-1.19	2.95	0.38	5.82
2024	1.98	-0.93	0.04	2.12	-0.79	4.39	4.95	2.94	5.35	0.15	0.06	1.16	23.34
2025	-2.35	-1.13	-0.39	1.76	3.66	2.17	1.92	-0.25	6.79	4.42	-1.02	3.83	20.75
2026	1.39	1.43	-3.36	0.32	-1.25	-0.31	0.51	0.26	-3.18				-4.24

*Net return for 18-31 October 2022

Annualised returns net of fees (%)

Since inception	3 year rolling	2 year rolling	1 year rolling	Lowest 12 month rolling	Highest 12 month rolling
11.81	13.35	8.27	2.76	2.76	28.62

FUND ROCK

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Changes in Portfolio Asset Allocation

Equity Exposure	Q3 2026	Q2 2026	Change
Long equity exposure	115%	103%	+12%
Short equity exposure	-31%	-28%	-3%
Gross equity exposure	146%	131%	+15%
Net equity exposure	84%	75%	+9%
Beta adjusted net exposure	**56%**	**52%**	**+4%**

Net Sector Allocation	Q3 2026	Q2 2026	Change
Financials	27%	22%	+5%
Resources	23%	21%	+2%
Industrials	22%	18%	+4%
Global EM	12%	14%	-2%
Total	**84%**	**75%**	**+9%**

Performance contributors and detractors for Q3 2026

Top 5 contributors	% contribution
Pan African Resources	+0.84%
Retail Short	+0.41%
Glencore	+0.34%
Merafe Resources	+0.26%
Construction Short	+0.26%

Top 5 detractors	% detraction
AECI	-1.03%
Astral Foods	-0.51%
Pepkor	-0.45%
Tiger Brands	-0.36%
Sun International	-0.32%

Long/short performance attribution – contribution to performance

	Q1	Q2	Q3	Q4	2026
SA Long book contribution	+1.12%	-0.35%	-2.75%		-1.98%
SA Short book contribution	-0.41%	-0.12%	0.68%		0.16%
Global Emerging Markets contribution	+0.60%	+0.16%	-0.19%		0.57%

Commentary by Investment Manager – September 2026

In a weak month for local equities, the portfolio declined 3.18% net. Detractors included our long position in a Technology holding company, which fell alongside its largest underlying holding amid broad weakness in Chinese equities. We remain enthused about this position, given both the attractive valuation of that holding and ongoing buybacks at the holding company level to capture the discount to NAV. Contributors included our Ports & Terminals operator long, which rebounded as volumes continued to recover from weather disruption and as momentum built behind Transnet's private sector participation initiatives. Our local Retail short also contributed after the company reported soft results. At month end, we held 115% of capital in 43 long positions, and -31% in 38 short positions, for a net market exposure of 84%. The portfolio currently has a beta-adjusted net market exposure of approximately 56%.

Commentary by Investment Manager – Q3 2026

In a muted quarter for South African equities, the Steyn Capital Daily Liquidity FR Retail Hedge Fund declined by 2.43%. The SA long book detracted 2.75% from returns, somewhat offset by the SA short book, which contributed 0.68%. Our Emerging Market long and short positions detracted 0.19% from quarterly returns.

Contributors

The largest contributors during the quarter were our resource long positions. Pan African Resources reported full year earnings, with revenue doubling and headline earnings per share tripling, driven by strong production growth and a robust gold price. The company now has a net cash balance sheet and it is returning capital to shareholders via dividends and a recently announced share buyback, and remains highly free cash flow generative even at current gold prices. Other contributors in the quarter included our long positions in Glencore and Northam, both of which released strong earnings, benefitting from higher resource prices.

FUND ROCK

Commentary by Investment Manager – Q3 2026 (continued)

Our core position in Southern Sun also traded up during the quarter. The group released a trading statement indicating headline EPS would be up by more than 20% for their interim period. Our analysis of daily rates and occupancies at Southern Sun's hotel portfolio indicates earnings are likely to be materially higher than the regulatory minimum 20% indicated in the trading statement. The group has an irreplaceable hotel portfolio in key nodes, is benefitting from strong occupancy and rates growth, and continues to repurchase shares given the stock's significant undervaluation, net cash balance sheet and strong free cash generation.

On the short side, a retail short and construction short also contributed to returns.

Detractors

The largest detractor to performance in the quarter was our long position in AECI following a disappointing earnings print, driven primarily by temporary operational issues at a non-core segment, which we expect to resolve in the second half. The core mining explosives and chemicals business nevertheless continues to perform well, where it has strong market positions in what is effectively a high barrier-to-entry global oligopoly. We believe the group's strategy of simplifying the portfolio and refocusing on the core will continue to unlock value and close the significant discount at which it trades relative to its peers.

Other detractors included our long positions in Pepkor and Astral, which traded down alongside the SA Consumer sector broadly, and our long exposure to Prosus and Naspers, which traded down alongside their stake in Tencent.

Outlook and Positioning

The quarter saw a continuation of the macro uncertainty that has been a feature since the onset of the war in Iran. Concerns around the inflationary impact of higher energy prices, rising interest rates and the related impact on domestic consumer wallets have weighed on the local market, and especially consumer-facing businesses. While these are all valid concerns for near-term earnings, we note that valuations in South Africa are now reaching extreme levels, with broad sector indices like the SA Retail sector trading at PE multiples last seen at the depths of Covid and the Global Financial Crisis (both periods were very opportune times to invest). We've previously written about our bullish view on emerging market equities broadly, and how we think emerging markets are set to materially outperform developed market and US equities in the coming years. Even relative to extremely attractive valuations across emerging markets, South Africa stands out given its current rock-bottom valuations. The dislocation in South African small and midcaps is even more extreme. Outside of South Africa, the valuation dislocation extends to other currently unpopular markets like China and Indonesia, both markets to which we have material exposure via our emerging markets strategy.

At quarter end we held 115% of capital in 43 long positions, and -31% in 38 short positions, for a net market exposure of 84%. The portfolio currently has a beta-adjusted net market exposure of approximately 56%.

As always, if anything is unclear, or if you wish to discuss our operations further, we welcome your questions.

Sincerely,

André Steyn, CFA
James Corkin, CA(SA)

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Risk report

Leverage and exposure limit	The fund chose the commitment approach of 2 times NAV as its exposure limit. The fund utilizes Investec as the prime broker and achieves leverage through short selling of physical stock.	**Highest exposure over quarter**	**Exposure at quarter end**
		The fund's highest exposure using the commitment approach was 1.49 times the NAV.	The fund's quarter end exposure using the commitment approach was 1.46 times the NAV
Hypothecation of Assets	The prime broker is restricted from re-hypothecating or any form of re-pledging of securities forming any part of collateral.		
Stress Testing Methodology	**Market stress-testing** is applied across various stressed historical periods by simulating the current portfolio's holdings over that particular stressed period. **Liquidity stress-testing** is applied by stressing the portfolio for increased investor redemptions as well as reducing the market liquidity of securities in specified increments. **Collateral stress-testing** identifies whether there is sufficient non-collateralized cash to service a loss event of a portfolio. This is stressed by increasing margin requirements in specified increments. **Conclusion:** all stress-testing methodologies have been applied for the quarter end period and the results are deemed to be satisfactory.		
Changes to the liquidity risk profile of the fund	The liquidity risk profile and redemption period of the fund is unchanged. The fund's liquidity at quarter end calculated on the average weighted days basis is 5.85 days.		

Counterparty Exposure

Counterparty	Description of Exposure	Exposure (% NAV)
Investec Bank Limited	Net Cash and Securities Pledged as Collateral for Short Positions	15.46%
JSE Trustees	Non-collateralized Cash and Securities	62.83%
Northern Trust	Investment in Steyn Capital Global Emerging Markets (UCITS) Fund	18.09%
Cantor Fitzgerald	Cash Accounts	3.43%
FirstRand Bank Limited	Section 105 Cash Account	0.27%
Other	Income and Expense Accruals	-0.08%
TOTAL		**100.0%**

Definitions

Leverage Risk: Applies when a fund borrows additional funds, trades on margin or performs short sale trades to amplify investment decisions. This means that the volatility of a hedge fund can be many times that of the underlying investments. Our portfolio is exposed to leverage risk through short sale trades.
Counterparty Credit Risk: Counterparty risk is a type of credit risk and is the risk of default by the counterparty associated with trading derivative contracts. An example of counterparty credit risk is margin or collateral held with a prime broker. Our portfolio is exposed to counter party credit risk through net cash and securities pledged as collateral for short positions. Our prime broker is restricted from re-hypothecating or any form of re-pledging of securities forming any part of our collateral.
Commitment approach (exposure): A methodology for calculating exposure that considers the effective exposure of derivatives to, and takes an aggregate view of, securities with the same or similar underlying exposure, where the total commitment is considered to be the sum of the absolute value of the commitment of each individual position, including derivatives after taking into account netting and hedging.
Re-hypothecation: The practice by which prime brokers re-use the collateral posted by the investment manager.
Counterparty exposure: a value that best reflects the hedge fund's exposure to a relevant counterparty and accurately reflects the economic loss that the hedge fund is exposed to if the counterparty defaults on its obligations.
Volatility Risk: Volatility refers to uncertainty and risk related to size of change of an instrument or portfolio. It is a statistical measure of the dispersion of returns for a given security or market index. Volatility is proportional to the directional exposure of a portfolio and is measured by Value at risk (VaR) which is a statistical technique used to measure and quantify the level of volatility.
Concentration and Sector Risk: Applies when a fund has a large proportion of total assets invested in specific assets, sectors or regions. Concentrated positions or concentrated sectors in a fund will impact the returns of the fund more so than diversified funds.
Correlation Risk: A measure that determines how assets move in relation to each other. Correlation risk arises when the correlation between asset-classes change. Correlation risk also arises when the correlation within an asset-class changes. Examples of correlation within asset classes include equity pairs trading, fixed income curve trading and commodities pairs trading. Our portfolio does not make use of any of the aforementioned trading strategies.
Equity Risk: Applies to investment in shares or derivatives based on shares. The market price of shares varies depending on supply and demand of the shares. Equity risk is the risk of loss due to the drop in the market price of shares. Equity risk can either be systematic risk which is risk to the entire market based on political and economic indicators or unsystematic risk which is company specific and includes risk relating to company profits, future prospects and general consensus on the company or sector.
Liquidity risk: Liquidity risk consists of trading liquidity risk and funding liquidity risk. Trading liquidity risk is the risk that you cannot sell an asset within a reasonable amount of time at a fair price. Funding liquidity risk refers to the inability to service redemption requests according to the redemption terms of a fund.
Net Asset Value (NAV): is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees.
Annualised Return: is the weighted average compound growth rate over the performance period measured.
Highest & Lowest Return: The highest and lowest rolling twelve-month performance of the portfolio since inception.
Total Expense Ratio (TER): reflects the percentage of the average NAV of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. The TER is reported inclusive of performance fees, if applicable.
Transaction Costs (TC): is the percentage of the average NAV of the portfolio incurred as costs relating to the buying and selling of the portfolio's underlying assets. Transaction costs are a necessary cost in administering the portfolio and impacts portfolio returns.
Total Investment Charges (TIC): is the percentage of the average NAV of the portfolio incurred as costs relating to the investment in the portfolio. It should be noted that TIC is the sum of two calculated ratios (TER+TC). TIC should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund and investment decisions of the investment manager. TIC ratios are calculated on a quarterly basis and the ratios included in this document represent those as at 30 June 2026.
Risk-reward profile: is based on historical data and may not be a reliable indication of the future risk profile of the portfolio. The risk category shown is not guaranteed and may change over time. The lowest category does not mean the investment is risk free. There may be other special areas of risk relating to the investment including: market risk, liquidity risk and risks associated with the short selling of securities. Equity investments are volatile by nature and subject to potential capital loss. The manager and the investment manager do not render financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. You are advised to consult your financial adviser to determine the appropriateness of the product for your portfolio.
Performance contributors and detractors: are expressed as the return per security as a percentage of the opening market value of the fund. Opening market value for the period is calculated as the closing market value less the returns for the period, adjusted for investor subscriptions and/or redemptions if necessary.

Information and mandatory disclosures

Collective Investment Schemes are generally medium to long term investments. The value of participatory interests (units) may go up as well as down. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, charges, minimum fees and maximum commissions is available on request from FundRock Collective Investments (RF) (Pty) Ltd ("the manager"). The manager does not provide any guarantee in respect of the capital or the return of the portfolio. Excessive withdrawals from the fund may place the fund under liquidity pressure and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Commission and incentives may be paid, and if so, are included in the overall costs. Portfolios may be closed to new investors in order to manage it more efficiently. Prices are published monthly on the manager's website. Additional information, including Key Investor Information Documents ("KIIDs") (as per Board Notice ('BN") 52 (27) 2) read together with the Minimum Disclosure Documents (as per BN 92), as well as other information relating to the portfolio is available, free of charge, on request from the manager. The manager retains full legal responsibility for any third-party-named portfolio. Portfolio performance is calculated on a NAV-to-NAV basis with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. The reinvestment of income is calculated on the actual amount distributed per participatory interest, using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date. Actual annual figures are available to the investor on request. Performance fees will be calculated and accrued on a daily basis based upon the daily outperformance, in excess of the high water mark, multiplied by the share rate and paid over to the manager monthly. Investors should note that the value of an investment is dependent on numerous factors which may include, but are not limited to, share price fluctuations, interest and exchange rates and other economic factors. Past performance is not indicative of future performance. Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks, and potential limitations on the availability of market information. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. The Investment Manager ensures fair treatment of investors by not offering preferential fee or liquidity terms to any investor within the same strategy. The portfolio adhered to its investment policy objective as stated in the Supplemental Deed.

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