

## Protea builds after gaining FSP licence

Jean Pierre Verster at Protea Capital Management has built a client support team, having moved out from under the Fairtree umbrella to operate as an independent entity.

After an intensive nine-month process, Fairtree Asset Management and Protea Capital Management announced recently that Protea had been granted its own Financial Service Provider (FSP) licence.

The licence enhances Protea's independence and allows it to execute on its marketing plans and distribution initiatives for its range of hedge funds, under its own brand.

Edrich Jansen has joined as head of business development, having previously spent three years at FIRSTGLOBAL Asset Management as a fund analyst and member of the investment committee. He has an MCom and PGDip Financial Planning, spending the early part of his career as a professional golfer before studying financial management sciences.

Marelise Botha has joined the team in a client services and marketing liaison role, with a background in digital marketing.

The Protea range of hedge funds was launched over the past three years and comprises a South African long/short hedge fund, a global long/short hedge fund and a worldwide flexible hedge fund. The South African



*Edrich Jansen, Marelise Botha and Jean Pierre Verster*

fund was the best-performing fund for 2018, out of all funds available to the South African public, inclusive of long-only funds and hedge funds (according to data from Morningstar, ProfileData and *HedgeNews Africa*).

"The new hires enable me to spend the majority of my time focusing on the investment side while ensuring that clients receive the level of attention they require," said Verster. "I am mindful that in any business the revenue line must come before the expense line... I tell my clients that with key man risk comes key man return. That said, in the near future we will build out the investment side."

Protea has around R300 million under management in hedge funds, with both its retail funds recently added to the Momentum Wealth Platform, offering daily liquidity. Verster also manages an institutional hedge fund

mandate and segregated accounts.

Verster's quantamental process combines both "man and machine", with a level of automation via his proprietary processes that incorporates valuation models.

The funds have fared well so far this year, building on their longer-term track records. That said, June was a tough month, given that gold and platinum miners surged while Verster's process has a natural bias to be short commodities companies.

"I am very cautious at the moment," says Verster. "I have said for a while that the South African market is expensive and now even globally I have concerns about valuations. This could be the last hurrah for the markets before prices globally come back to fair value, especially after a strong first half."

While the domestic markets continue to grind sideways amidst lethargic economic growth, Verster says small and mid-cap shares exposed to the domestic economy won't re-rate until growth picks up.

"Yes, the outlook is better than five years ago. There is some value, but you need to pick stocks carefully," he said.

Protea Capital Management (Pty) Ltd is now a licensed Category I, II and IIA Financial Service Provider. Fairtree remains responsible for certain support services.