FUND MANAGER VIEWS | 03 FEB, 2026

Jean Pierre Verster explains his international hedge fund's 45% jump

Stock selection in European banks, selective US longs and tightly sized shorts lifted the Protea International Hedge Fund to a 45.4% return in 2025.

BY **JACO VISSER**

The Protea International Hedge Fund delivered its strongest calendar-year performance since inception in 2025, with gains driven by a narrow set of stock-specific decisions rather than broad market exposure, according to portfolio manager Jean Pierre Verster.

The fund returned 45.4% in dollar terms for the year, materially ahead of the FTSE Developed World index, which gained 22.3% over the same period according to its December minimum disclosure document.

Verster told Citywire South Africa the outcome reflected a portfolio constructed to extract alpha from individual securities while limiting reliance on market direction. The largest contributors came from European banking shares, which Verster said the fund began accumulating in March 2023, following stress in the US banking system that triggered a sell-off across global financial stocks.

'Our top three contributors were all European banks,' Verster said. He identified BBVA, Santander and UniCredit as the leading positive contributors. 'We bought these bank shares when banking shares all around the world fell. That gave us the opportunity to pick them up at very attractive valuations, and since then they've done very well for us and continued in the same form during 2025.'

Beyond European banks, Verster pointed to US-listed companies that are formally classified as consumer discretionary but are widely regarded by investors as technology-linked businesses. He said these positions benefited from a divergence that opened up early in 2025 between large, established technology companies and smaller, more speculative names.

'We had long positions in the bigger, better-known companies, and we were short the more speculative side of technology shares,' he said. 'That divergence worked in our favour.'

The fund also generated positive contributions from three South African special situations held within the international portfolio. Verster said the noteworthy local holdings in the fund during the year were Barloworld, Adcock Ingram and MAS plc.

'Through corporate actions affecting those shares, the fund benefited from positive contributions by holding these three special situations,' he said.

While performance was strong, Verster emphasised that returns were not concentrated in a handful of positions. He said the fund held, on average, around 200 positions during the year, which helped limit the impact of individual detractors.

Detractors

On the negative side, Verster said there were only two positions that detracted more than one percentage point from returns in 2025, both of which were short positions. These were a short in the ARK Innovation exchange-traded fund and in Jumia, the Africa-focused e-commerce company.

'Those two cost us just over one percent each,' he said, adding that all other detractors reduced returns by less than one percent individually.

The fund's third-largest detractor was Novo Nordisk, which the portfolio held on the long side. Verster said the position detracted just under one percent following operational and competitive setbacks during the year.

'They lost a patent renewal in Canada and lost ground to Eli Lilly in GLP-1 drugs,' he said.

Verster also addressed questions around the fund's relatively high reported cash balances. He said the figures reflect the mechanics of running a long-short hedge fund rather than a defensive stance.

'When you short, you sell something and you get cash,' he said. 'If you have significant short positions, you necessarily also have significant cash.'

He said the fund's net equity exposure as at 31 December 2025 was approximately 63%, which he described as low relative to its historical range, but stressed that positioning was not the result of a top-down market view.

'We don't adjust portfolios depending on what we think might happen next,' Verster said. 'We would rather build these funds with very high levels of diversification so that irrespective of what happens next, we'll be okay.'

He said the fund remains benchmark-agnostic and does not attempt to forecast macroeconomic or market outcomes, relying instead on diversification and position sizing to manage risk.

'We don't think we are very good at forecasting,' he said. 'We focus on building portfolios that can weather whatever storms come our way.'

(This article was updated to correct a reference to a benchmark and when the fund started accumulating banking shares.)