

**momentum**  
investments

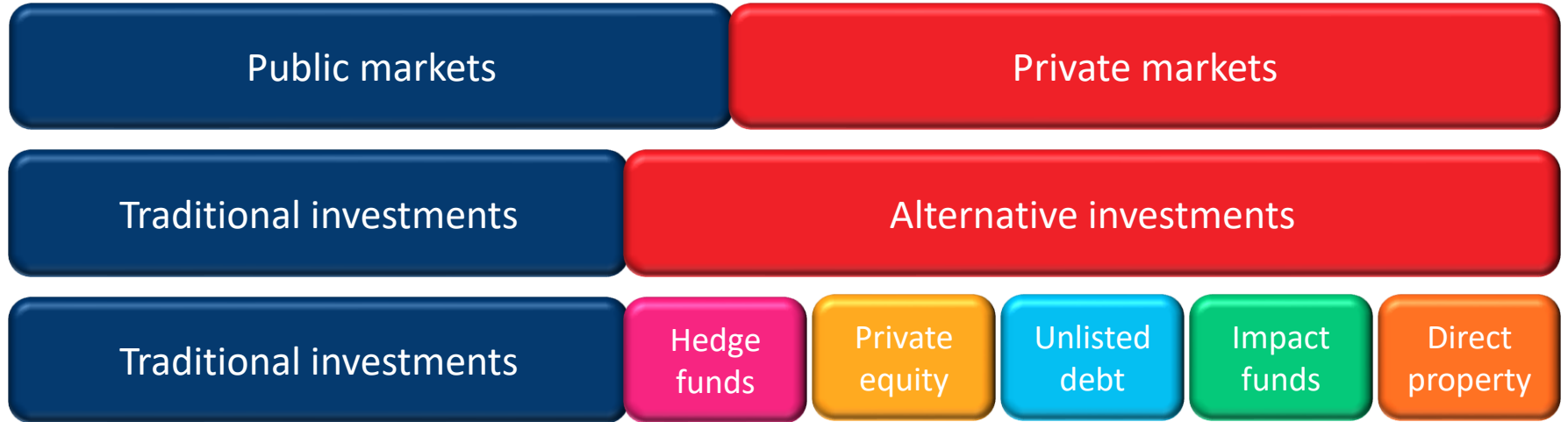


# Hedge your bets

Kamini Naidoo and Rian Smit

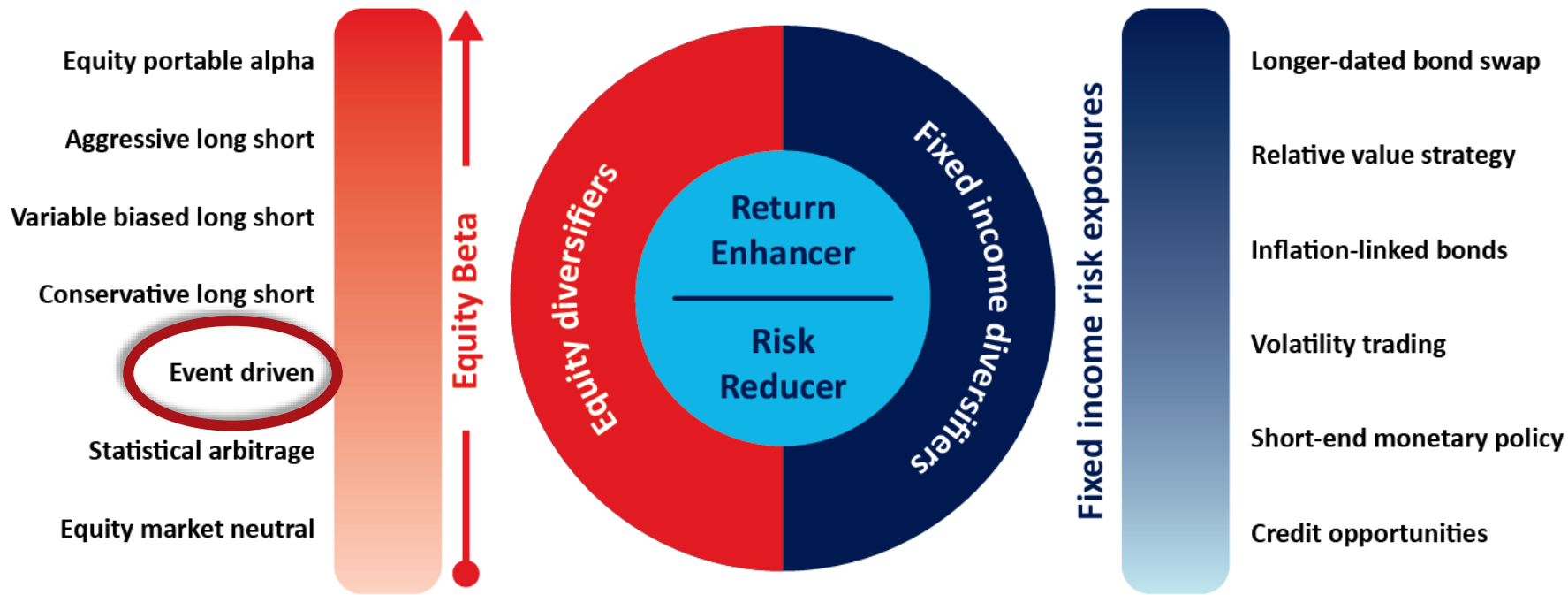


# Alternative investments

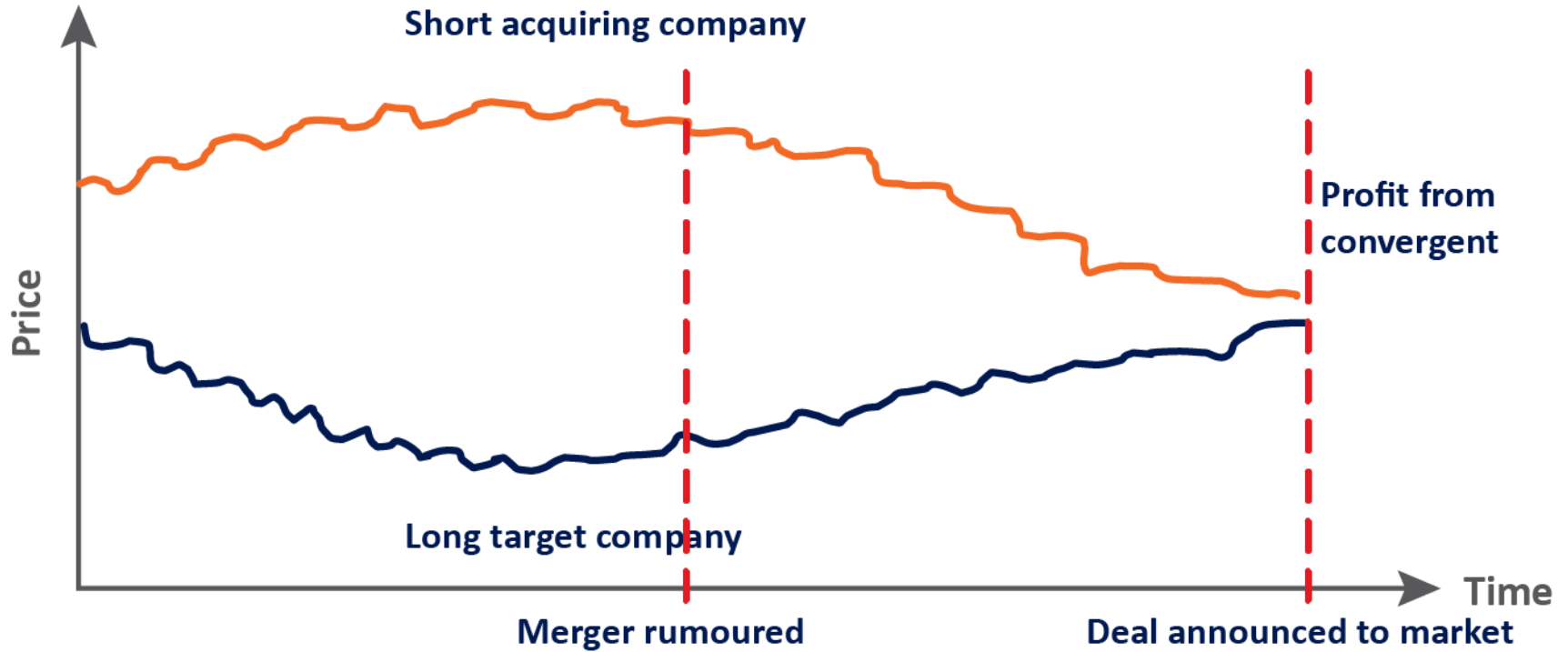


- Alternative investments enables access to a wider investment pool
- Access to diversifying return and risk sources

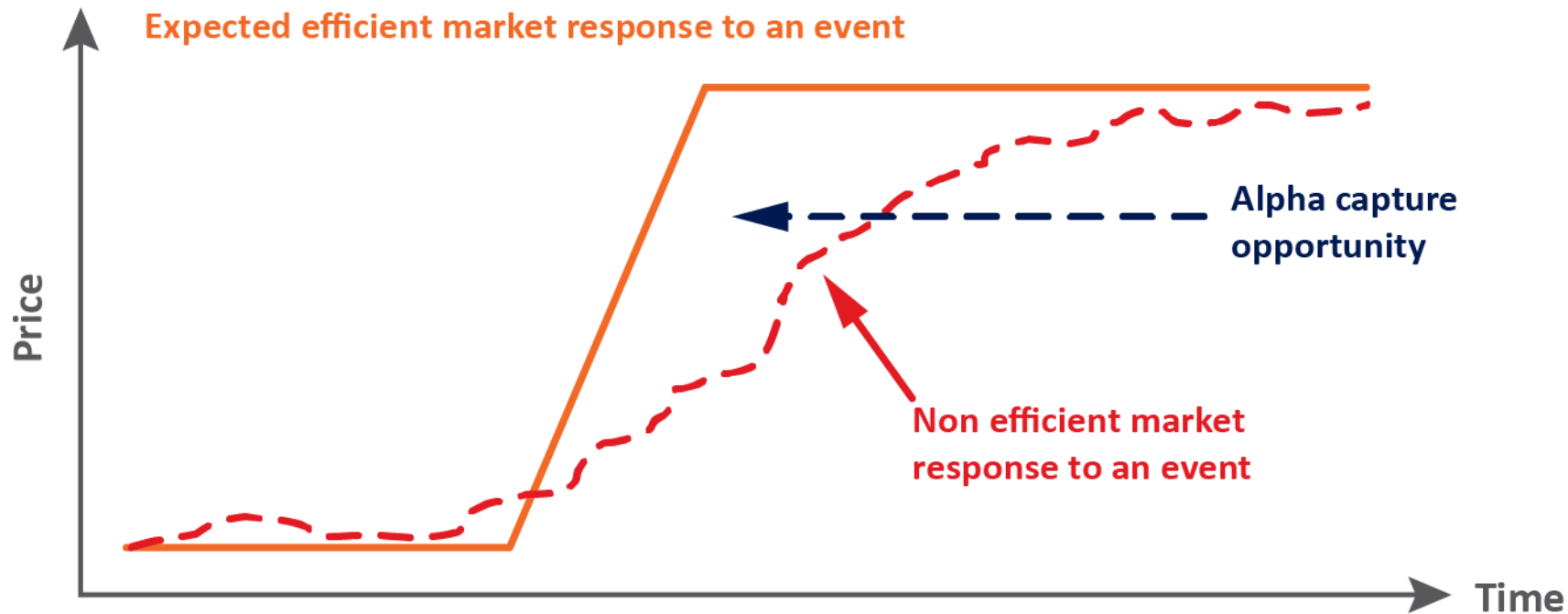
# The 'diverse' role of hedge funds



# Capturing the deal spread



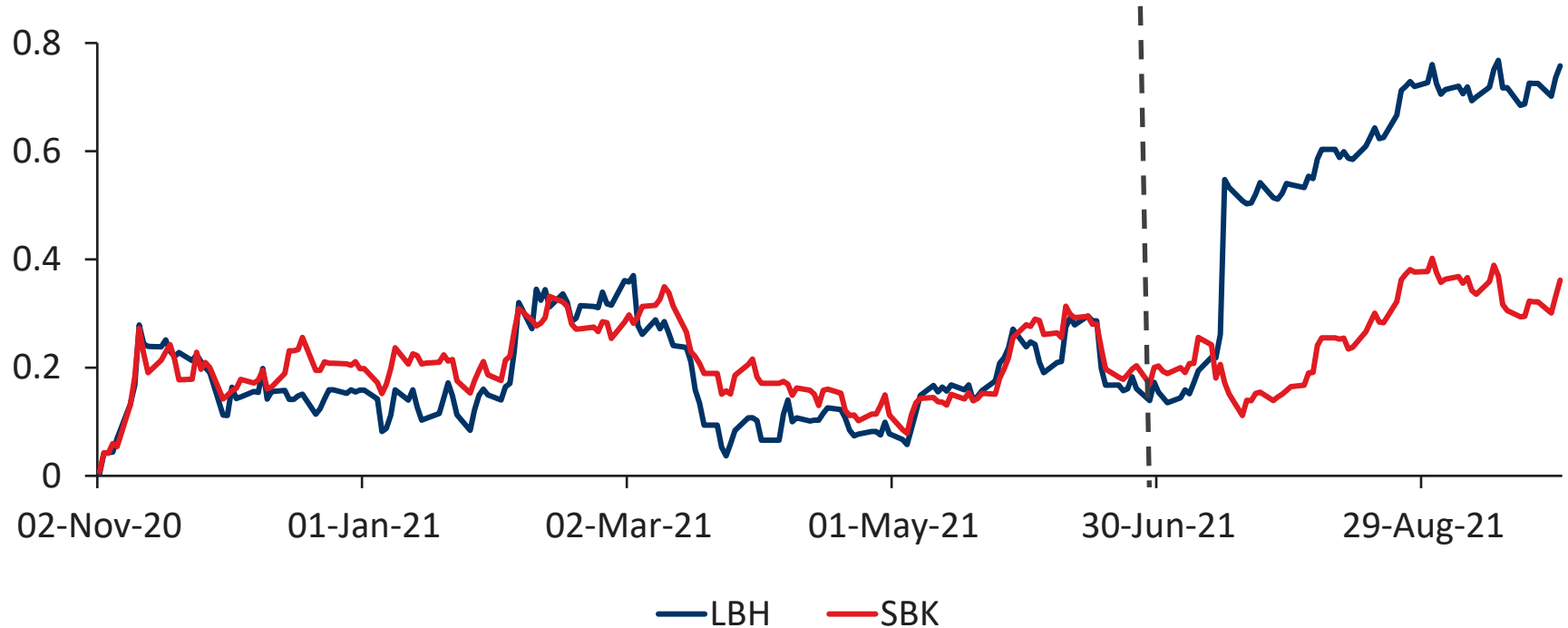
# The opportunity



# Trade example: cash merger arbitrage

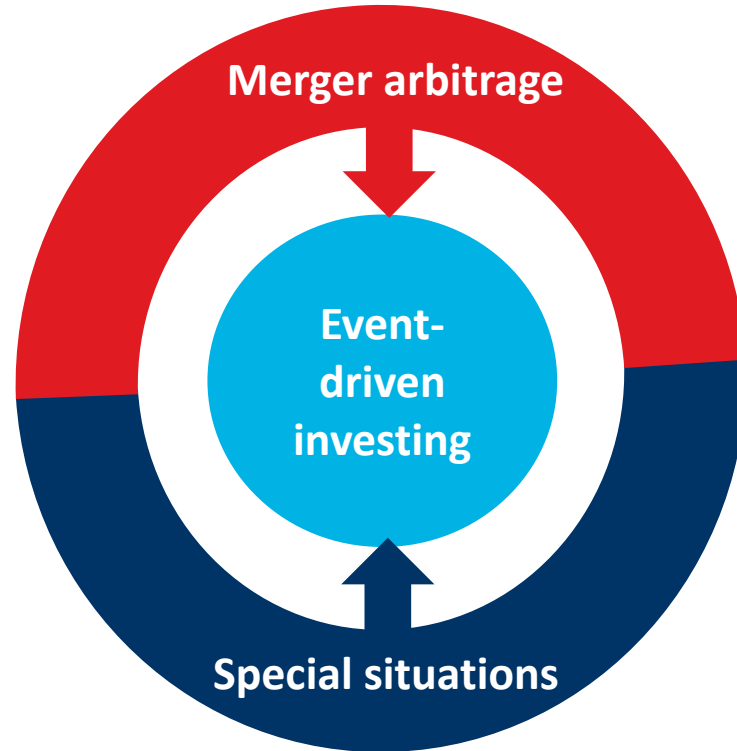


Standard bank acquisition of Liberty



Source: Momentum Investments, External Fund Managers

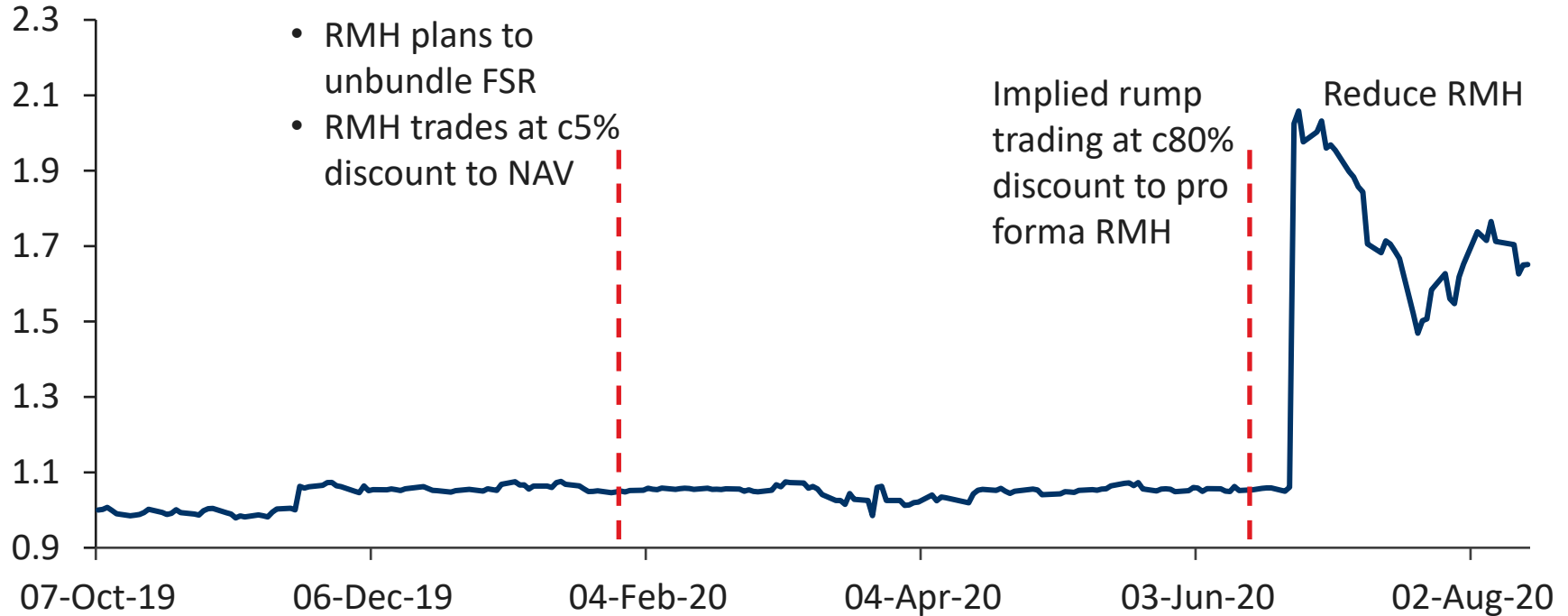
# Event-driven investing



# Trade example: special situations



## Rand Merchant Holdings (RMH) and FirstRand (FSR)



Source: Momentum Investments, External Fund Managers



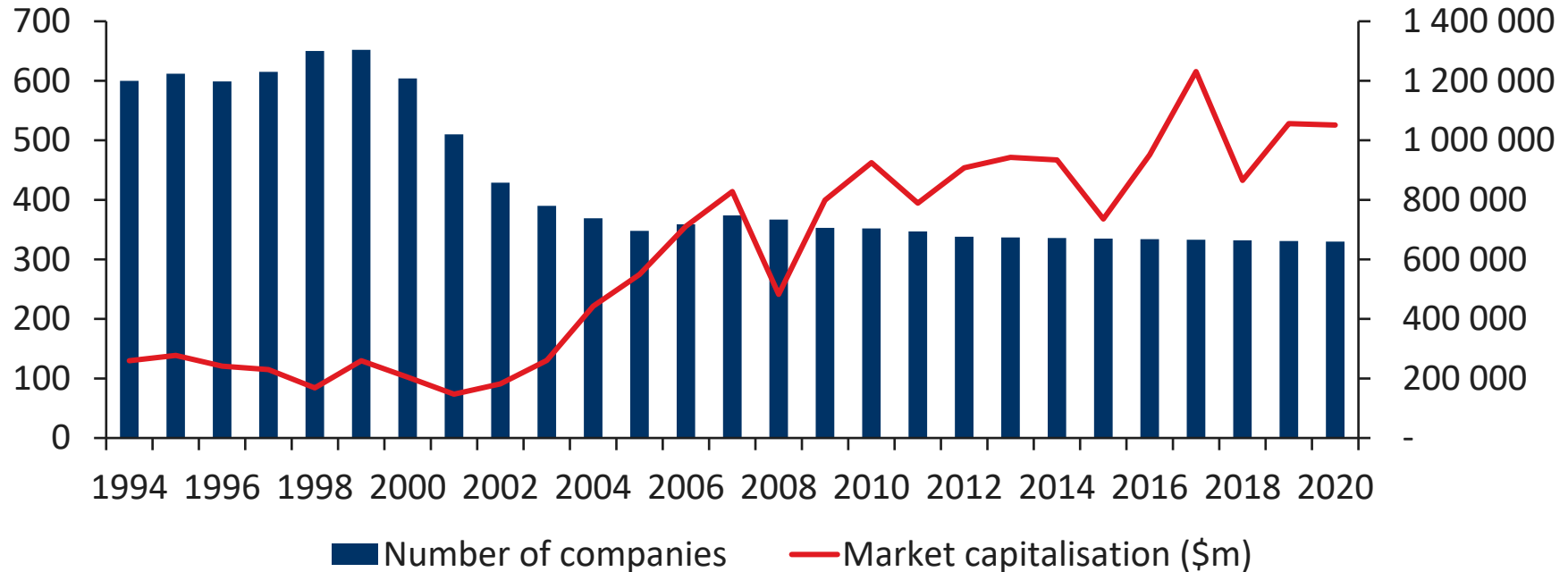
# A sea of opportunity



# The listed SA equity opportunity set



Decline in number of listed companies JSE compared to increase in market capitalisation

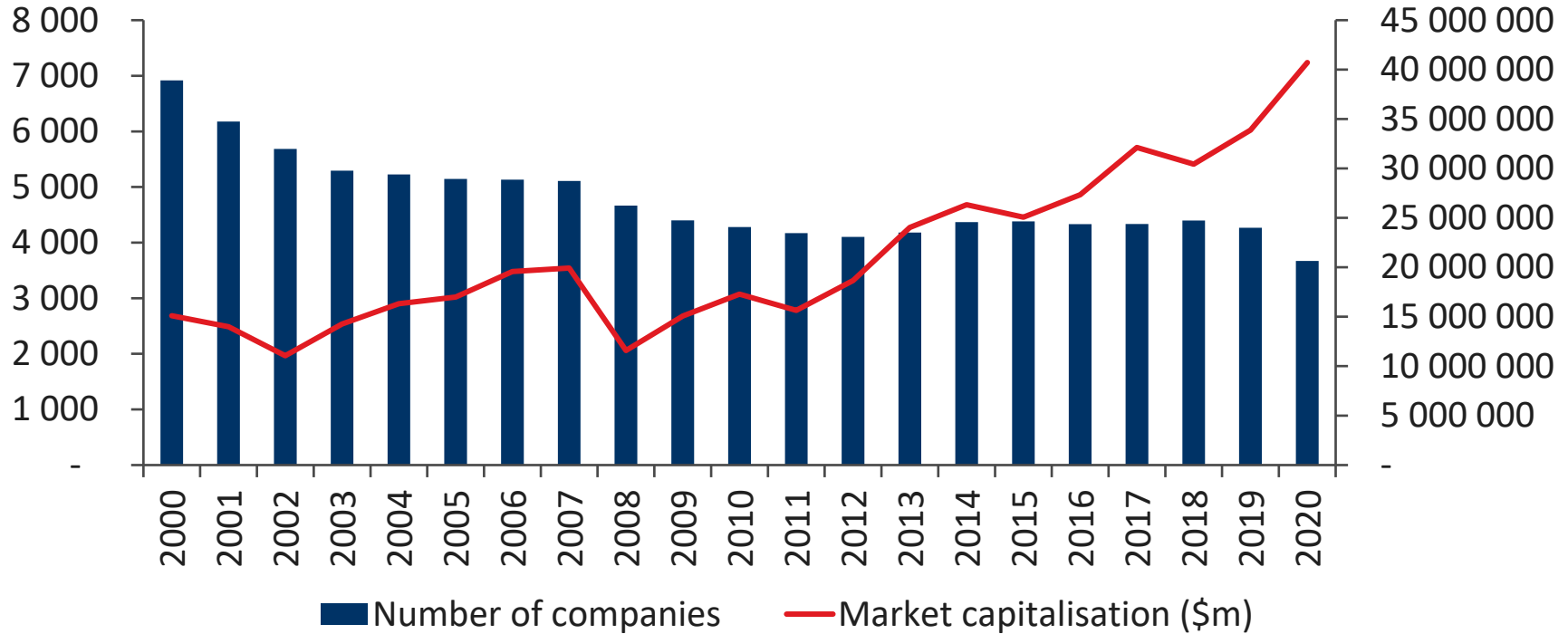


Source: World Bank

# The listed global equity opportunity set



Decline in number of listed US companies compared to increase in market capitalisation

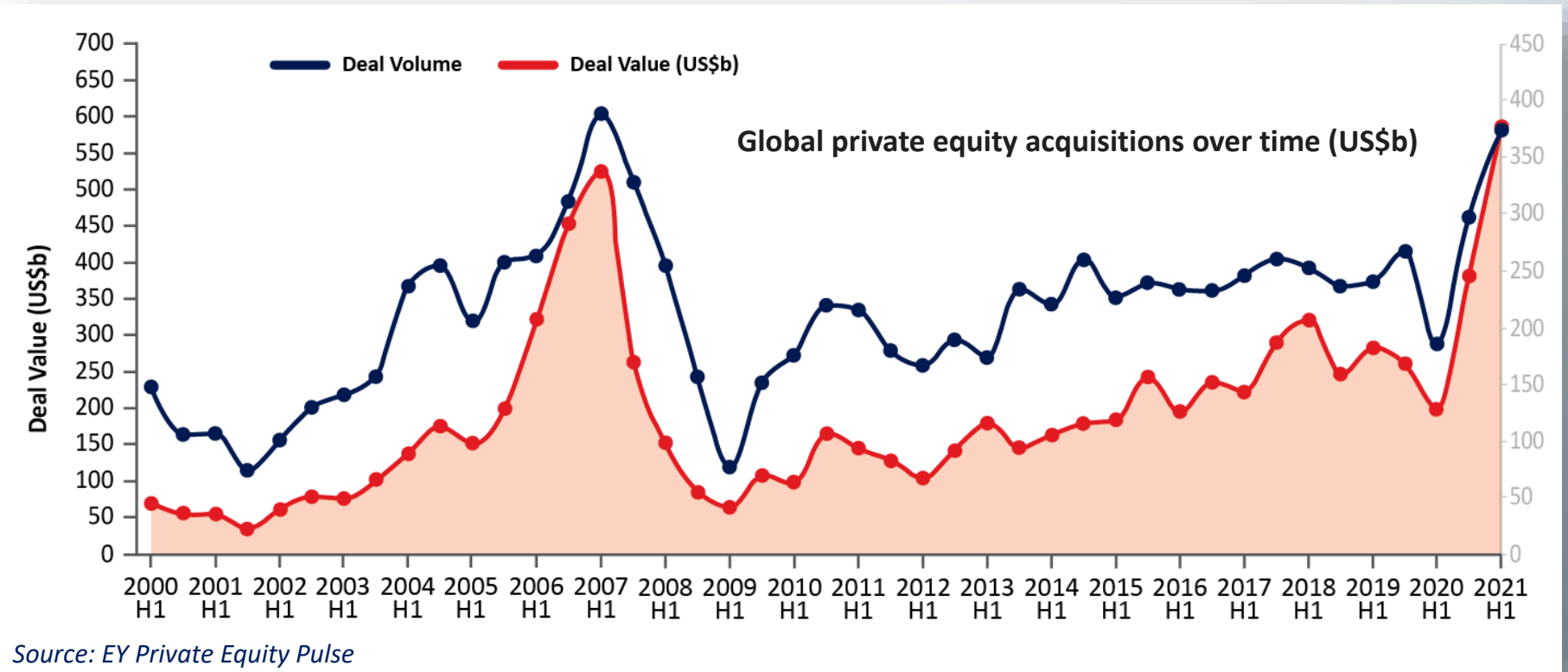


Source: World Bank

# The rise (and rise) of private markets



2021 set up for record year

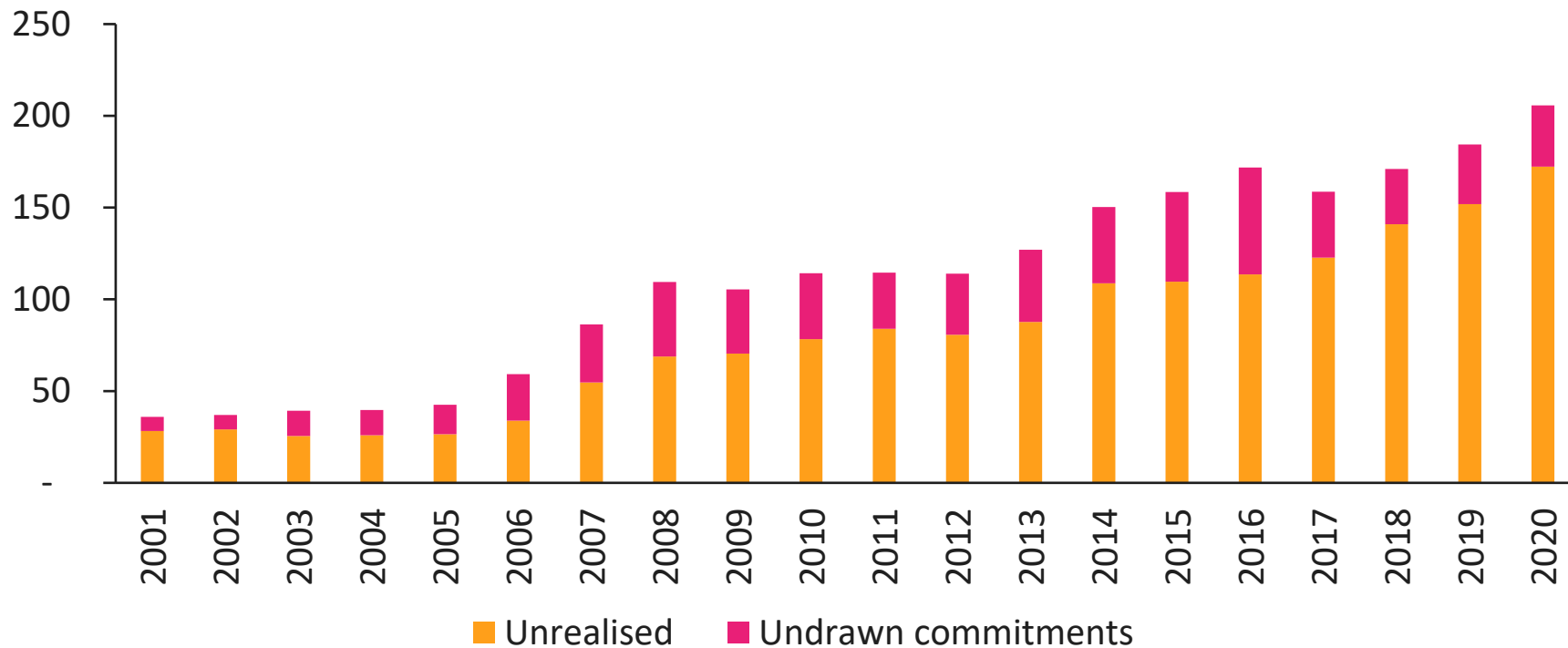


Source: EY Private Equity Pulse

# SA private equity AUM growth



Private equity assets under management in SA

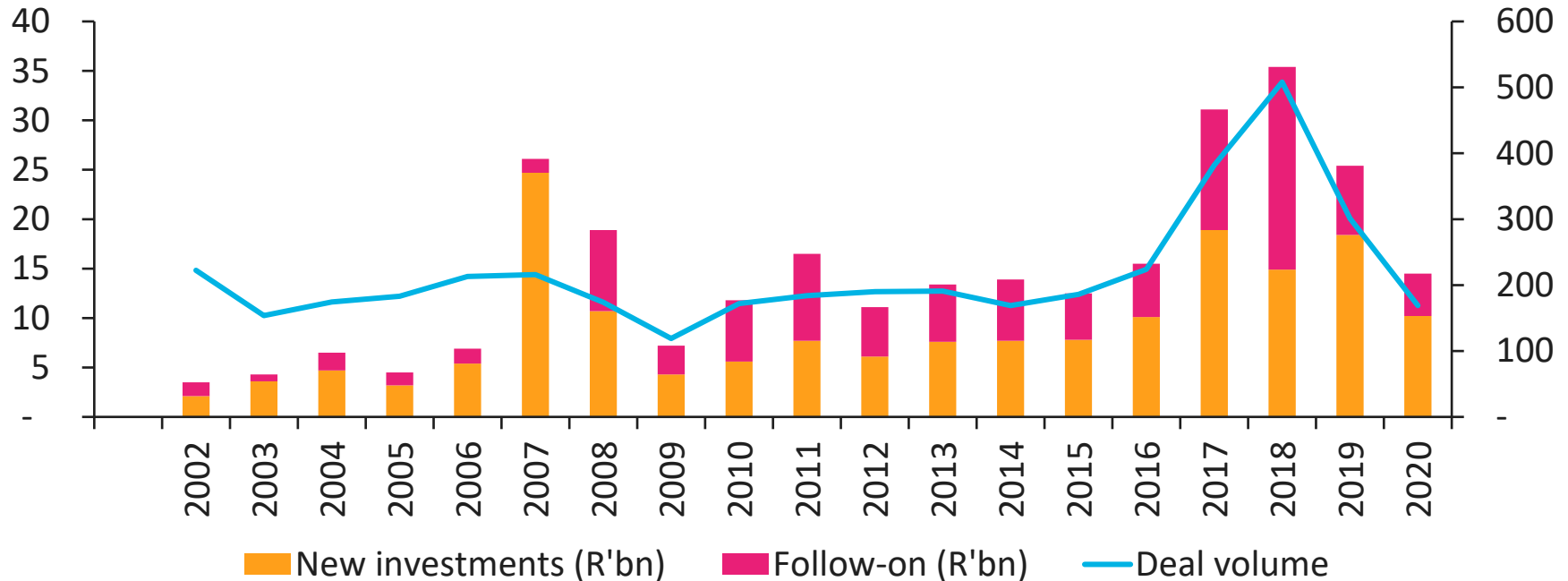


Source: SAVCA

# SA private equity investment activity



Private equity investment activity in SA - deal value and deal volume

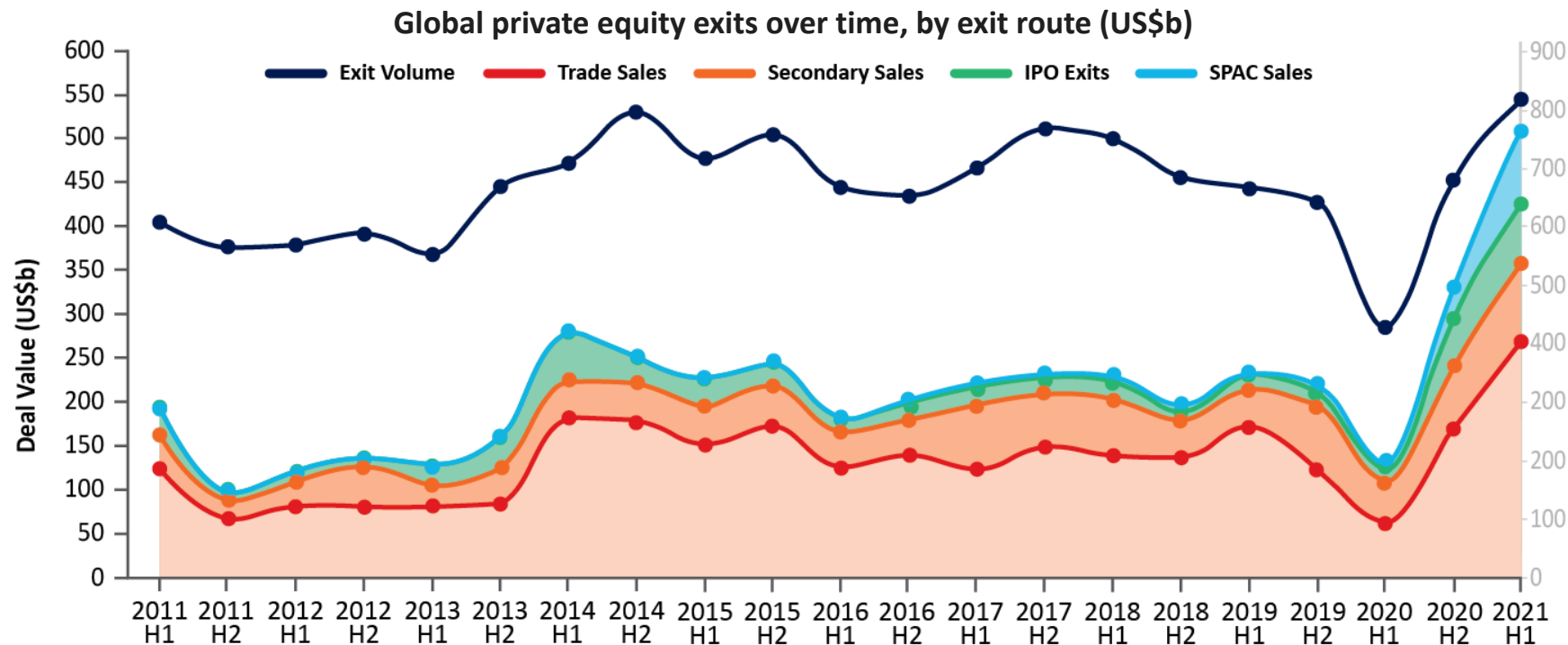


Source: SAVCA

# Exits at record pace too



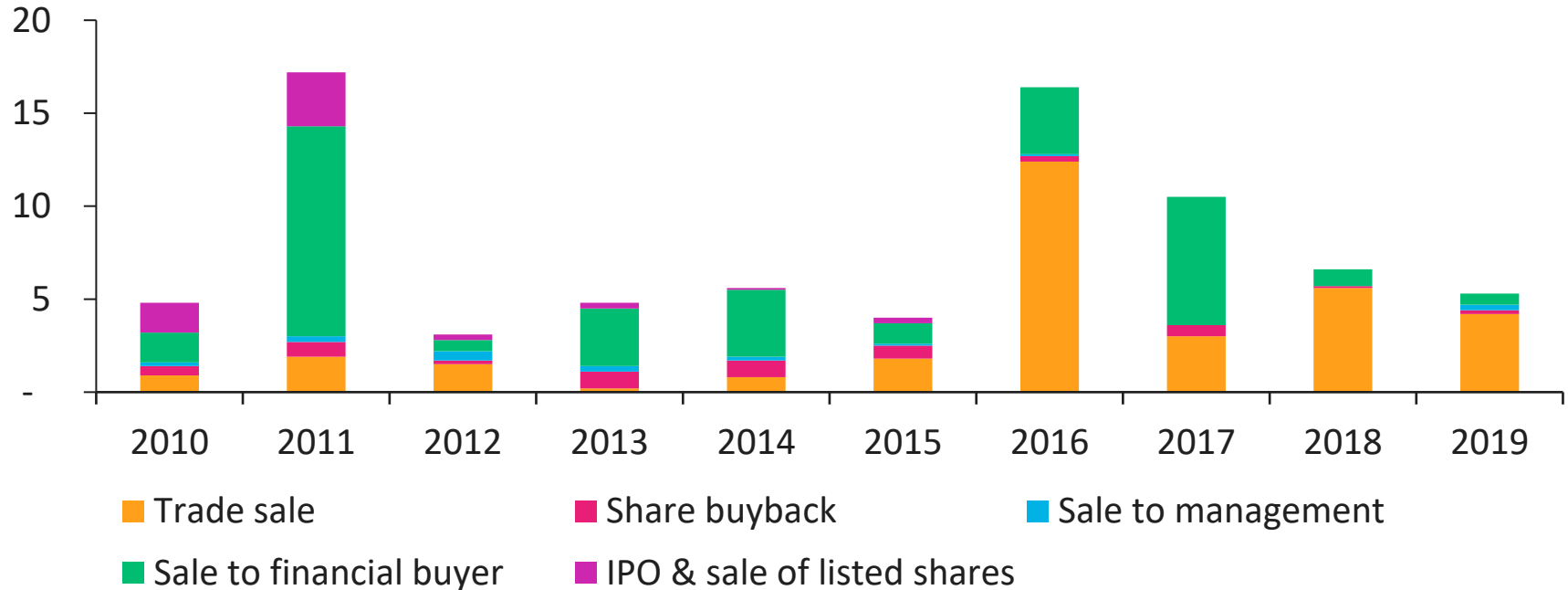
Trade sales still more prevalent than initial public offerings



Source: EY Private Equity Pulse

# SA private equity exits by value (R'bn)

Initial public offerings (IPOs) are not the main exit avenue

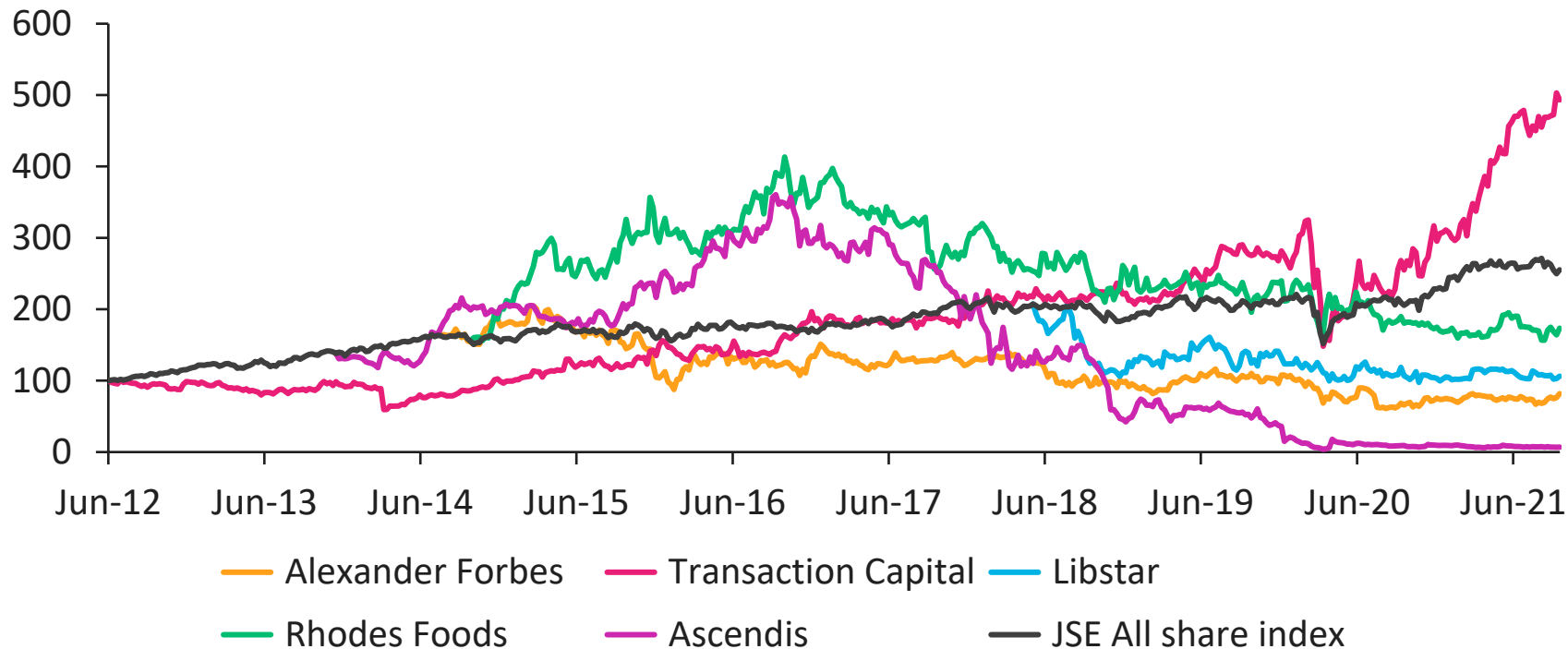




# SA PE initial public offering (IPO) returns



Returns from notable former private equity-backed companies after IPO (indexed)



Source: IRESS

# Notable SA take-private

Examples of companies taken private or carved out by private equity players



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Hedge funds are not a substitute for a portfolio of traditional assets. However, due to their unique risk/ return characteristics, they do warrant an allocation in a diversified portfolio.

**Sources:** Momentum Investments, IRESS

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**Thank you**

