

Protea Capital Management

Protea Capital Management is an investment management firm domiciled in South Africa, investing globally. The firm follows a proprietary “quantamental” investment approach, combining traditional fundamental analysis with quantitative investment techniques. Hedge fund assets under management as at early 2026 are approximately R1-billion.

The first Protea hedge fund available to institutional and high net-worth clients was launched in 2016, followed by the launch of two retail hedge funds in 2017. An international Malta-domiciled hedge fund was launched in 2022, offering investors the opportunity to invest in USD, EUR and/or GBP. In early 2026, an actively managed certificate (AMC) mirroring the Protea Worldwide long-short portfolio was listed on the JSE, adding brokerage accounts as another way to invest.

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Investment strategy

All portfolios are managed as long-short equity hedge funds, aiming to generate above-average risk-adjusted returns while avoiding deep drawdowns. The core strategy across all Protea hedge funds is to be long undervalued equities and short overvalued equities, while ensuring there is sufficient diversification to guard against inappropriate risk concentration. Each Protea hedge fund has a distinct geographical focus.

The Protea South Africa FR Retail Hedge Fund focuses on the South African equity market, while the Protea Global FR Retail Hedge Fund and Protea International Hedge Fund SICAV Plc focus on global developed equity markets. The Protea Worldwide Flexible FR Qualified Investor Hedge Fund

focuses on equity markets worldwide, ie both South Africa and global developed markets.

Employees of Protea Capital Management collectively represent a significant investor in the Protea hedge funds, ensuring strong alignment with the interests of all other investors.

Investment team

The “quantamental” investment approach is a “Man + Machine” process which makes extensive use of automation, relying less on human judgement than traditional approaches. The portfolio manager is Jean Pierre Verster, who is also the founder of Protea Capital Management. He holds the CA(SA), CFA and CAIA designations. Dr Shinye Chang, a senior data scientist and CFA charterholder, forms part of the investment team.

Hedge fund products

Protea South Africa FR Retail Hedge Fund

Availability: Direct investment or via all major LISP platforms

Subscription and redemption: Daily

Minimum direct investment:

R50 000 lump sum or R2 000 monthly

Hurdle rate: 3-month STeFI

High-water mark: Yes

Basic service fee: 1.25% pa (excl VAT)

Performance fee: 20% (excl VAT) of the excess performance (after deducting the base management fee) above the perpetually increasing hurdle

Protea Global FR Retail Hedge Fund

Availability: Direct investment or via all major LISP platforms

Subscription and redemption: Daily

Minimum direct investment:

R50 000 lump sum or R2 000 monthly

Hurdle rate: 3-month STeFI

High-water mark: Yes

Basic service fee: 1.25% pa (excl VAT)

Performance fee: 20% (excl VAT) of the excess performance (after deducting the base management fee) above the perpetually increasing hurdle

Protea Worldwide Flexible FR Qualified Investor Hedge Fund*

Availability: Direct investment or via select local LISP platforms

Subscription and redemption: Monthly

Minimum direct investment: R1-million

Hurdle rate: 3-month STeFI

High-water mark: Yes

Basic service fee: 1.25% pa (excl VAT)

Performance fee: 20% (excl VAT) of the total performance (after deducting the base management fee) above the high-water mark, subject to the hurdle rate

*The Protea Worldwide Flexible long-short portfolio is also available as a JSE-listed AMC.

Protea International Hedge Fund SICAV Plc*

Availability: Direct investment or via select international LISP platforms

Subscription and redemption: Weekly

Minimum direct investment:

USD100 000/EUR100 000/GBP100 000

Hurdle rate: None

High-water mark: Yes

Basic service fee: 1.25% pa (excl VAT)

Performance fee: 20% (excl VAT) of the total performance (after deducting the base management fee) above the high-water mark

*Approved by the FSCA for public sale in SA.

Service providers

Prime brokers: RMB Prime Broking, Absa Bank and Morgan Stanley International

Administrator: Apex

Management company: FundRock

Auditors: Deloitte (SA funds) and Mazars Malta (Malta fund)

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Quantamental investment process

Jean Pierre Verster, CEO at Protea Capital Management, explores systematic, quantamental portfolio construction.

How does Protea prioritise conflicts between quantitative and fundamental views?

When the two views clash, we generally do not take a position, as both must find the opportunity attractive. Where they differ to some degree, we take a smaller position in the stock.

How has your “quantamental” model adapted to the rise of AI-driven trading?

The rise of AI-driven trading has increased the focus on short-term earnings announcements and led to sharp market reactions to surprises. This creates opportunities for our approach, which focuses on longer-term trends in fundamental data rather than shorter-term, often noisy signals.

What gives Protea’s quantitative process an edge in global markets?

Our edge lies in our ability to monitor the gap between price and fair value across more than 10 000 global stocks. Our process dynamically adjusts expected returns as prices and estimates change, allowing us to identify opportunities across markets and sectors. While our stock selection has been strong, portfolio construction had historically detracted from this, but recent adjustments have strengthened our overall edge.

What is your risk-reduction approach when expected returns do not materialise?

We maintain highly diversified portfolios to limit the impact of any single source of returns. We don’t apply rules-based stop-losses; we use position-sizing limits, which may require covering a short if it moves sharply. This allows portfolios to weather shocks and take advantage of dislocations, rather than cutting positions at inopportune times.

How did your system handle the recent volatility in global “Big Tech” earnings?

The biggest test to our approach was the volatility in earnings during the Covid-19 period, when many financial trends broke down. We adjusted our models accordingly, and those improvements have since stood us in good stead. While we missed some inflection-point opportunities, such as Nvidia early in the AI boom, these lessons continue to refine our process.

How does automation help guard against behavioural biases in extreme markets?

Human behaviour tends to swing between fear and greed. An automated, valuation-based system that tracks fair value helps keep us grounded in reality and prevents bias-driven decisions.

How do you manage cash drag while ensuring liquidity for daily redemptions?

A short book generates cash, ensuring our hedge funds maintain a comfortable balance to meet redemptions while preserving the long-short structure. Our diversified, quantamental approach identifies a broad set of above-average ideas, rather than concentrating on a few high-conviction positions.

How does your “scuttlebutt and mosaic theory” inform your decisions and qualitative process?

We use alternative information sources and expert networks to build multiple perspectives on a company, rather than relying solely on company-issued data. This “scuttlebutt” approach, combined with the “mosaic theory” of piecing together data points, helps form a more holistic view.

How do you create space for thinking?

Our work-from-home model creates space to process information more effectively. While investors have access to similar data, the edge lies in how it is interpreted. Intellectual humility means recognising the uncertainty of the future and that one will often be wrong, which underpins our focus on building highly diversified, resilient portfolios rather than over-confident forecasts.

How have you institutionalised the “quantamental” process beyond a single individual?

Our quantitative models are maintained by Dr Shinhye Chang, while Jean Pierre Verster leads the fundamental analysis with support from external research providers. We continue to expand the team and have embedded automation across both investment and operational processes to reduce reliance on individuals.



Jean Pierre Verster, CEO, Protea Capital Management



BIOGRAPHY

After roles at Melville Douglas Investment Management and 360ONE Asset Management, Jean Pierre partnered with Fairtree Asset Management in 2016 to launch the Protea range of hedge funds.

In 2019 he founded Protea Capital Management as a stand-alone investment management business. Between 2015 and 2024, Jean Pierre also served as an independent non-executive director at Capitec Bank Holdings and its subsidiaries, where he was chairman of the audit committees.

He holds the CA(SA), CFA and CAIA designations.