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# The 50:50 approach behind this top-performing boutique

At Rozendal Partners, AA-rated managers Wilhelm Hertzog and Paul Whitburn share equal responsibility.

BY **STEPHEN CRANSTON**

Rozendal Partners is a boutique formed in 2018 by [Wilhelm Hertzog](#) and [Paul Whitburn](#). It uses the multiple-counsellor approach, where each manager is responsible for 50% of the portfolio. Hertzog and Whitburn are both AA-rated Citywire managers.

They were previously portfolio managers at RECM and consider themselves value managers. Before that, Whitburn was one of the founders of BlueAlpha Investment Management, and Hertzog was an executive at the niche investment bank PSG Capital.

Rozendal has just one unit trust, the R576m [Rozendal Global Prescient feeder](#) fund. It is in the global multi-asset flexible category and launched in November 2019.

The strategy's major clients are Hertzog's and Whitburn's friends and family. However, Hertzog (pictured below) said the feeder fund is also available to retail investors on the Glacier platform.



The fund is second out of 40 in its sector over three years ended February 2023, with a 15.3% annualised return, and second out of 58 over one year with a 24.3% return. It is second to the [PSG Global Flexible feeder](#) fund over both time frames.

The Rozendal Global Prescient feeder fund has just a 4% exposure to South Africa. Mediclinic International is the only JSE-listed share in the fund's top 10.

The stock selection is unusual with top holdings such as litigation finance specialist Burford Capital.

Whitburn said the portfolio is an equity-centric fund with no bond exposure. As a result, the fund current has 83% of its assets invested in equities. The rest of the allocation includes a 6% holding in precious metals (the iShares Silver Trust) and a spread of hard currencies such as Swiss francs (4%), yen (3%), pounds sterling (3%) and US dollars (1%).

Another unusual holding is uranium miner Cameco Corporation. Whitburn (pictured below) said he bought the stock when it was 'incredibly cheap' and before many countries recommitted to nuclear energy.



Rozendal also owns shares in Quiñenco which they call the 'Remgro of Chile'. This is appropriate as Hertzog's family were the co-founders of the original Remgro.

Quiñenco trades at a deep discount to its underlying assets, which include the Hapag-Lloyd shipping business. A further top 10 holding is another 'Remgro style' conglomerate, Haci Ömer Sabanci, this time in Turkey. The company's largest holding is in a major local bank.

Despite being moderately positioned in the booming energy sector, the global fund has had a strong year. The only energy share in its top 10 is Noble Corporation, an offshore driller.

The largest part of Rozendal's AUM, R1.7bn, comprises the Rozendal Worldwide Flexible Prescient QI hedge fund launched in April 2018. Hertzog said that the fund has a long bias. Unlike its competitors, the hedge fund is not benchmarked against cash but against the Alsi.

## High local exposure

The hedge fund comprises long local equities (65%) and long foreign equities (29%). However, Hertzog said there are limited short positions right now, the most prominent being Tencent. A long holding in Naspers offsets the Tencent position. Tencent dominates the 10% total short positions in foreign equities.

There are no short positions in local equities, just a modest commodity short. Many of the largest holdings are mid- to small-cap JSE shares such as Oceana Group, Sabvest Capital, York Timber Holdings, EPE Capital Partners and Hosken Consolidated Investments. Larger shares include MTN and Tiger Brands.

The hedge fund has achieved an annualised 14.1% return in its almost five-year history, net of fees, compared with 11.6% from the Alsi.

Over the past year to 31 January 2023, it has achieved a return of 19.6%, compared with 11.8% from its Alsi benchmark. The hedge fund achieved its highest rolling one-year return of 50.7% when the market returned 36.0% and its biggest decline of -14.2%, underperforming the -5.8% decline from the Alsi.