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THINK Flexible Growth RCIS Retail Hedge Fund

RCIS THINK Growth QI Hedge Fund

BEYOND BASICS: Navigating the current Middle East conflict — A case study of a philosophy equipped for crisis

April 2026

The renewed escalation of conflict in the Middle East has once again reminded investors how quickly geopolitical risk can translate into market volatility and potentially economic stress. In recent months, markets have reacted sharply to developments in the region—through spikes in oil prices, heightened equity volatility, periodic liquidity stress across global assets and early evidence of higher inflation.

While the headlines are new, the underlying challenge is not: **how to protect capital without abandoning long-term growth objectives**.

This environment provides a real-time example of the THINK.CAPITAL investment decision-making process and how it can help portfolios enter periods of uncertainty from a position of strength.

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A philosophy equipped for crisis

Geopolitical events are inherently unpredictable. Attempting to forecast the exact timing, scale, or market impact of war is unreliable. Instead, our approach focuses on using hedge funds to build portfolios that are *robust under a wide range of outcomes*.

At the core of this philosophy is balancing two juxtaposed principles:

- **Compounding is sensitive to losses**: Avoiding large drawdowns is critical because losses require exponentially higher gains to recover.
- **Absolute return thinking has trade-offs**: Avoiding all losses can limit upside, but controlled risk-taking enhances long-term growth.

Due to the versatility of different hedge fund styles and strategies, these principles can be upheld by a well-constructed portfolio of hedge funds.

Entering turbulence with prepared portfolios

A key strength of our investment framework is that **capital protection is built into the portfolio before crises occur**, not added reactively.

Well before geopolitical risks materialise, our investment process ensures that portfolios are constructed with **downside protection in mind**. This is achieved through two pillars:

Rigorous due diligence

Before investing, every underlying strategy is deeply interrogated to make sure the **return drivers** are well understood and how the strategy **behaves under stress**. This is where our 22 years of investing in hedge funds come to good use.

We do not solely rely on a strategy having to have gone through stress to assess this. In our experience, the risks that become acute during crises are:

- **Market risk** (volatility spikes, large drawdowns)
- **Correlation risk** (assets moving together unexpectedly)
- **Leverage risk** (magnifying losses under stress)
- **Liquidity risk** (ability to exit positions when needed)

By looking out for and understanding these risks in advance, we can avoid strategies that may appear stable in calm markets but fail under pressure. We **actively seek strategies that limit returns from these sources**. This way, the returns delivered during calm periods should not be erased completely during stress.

Portfolio Construction process designed for opportunity and stress

Our portfolio construction process further addresses periods of stress by focusing on:

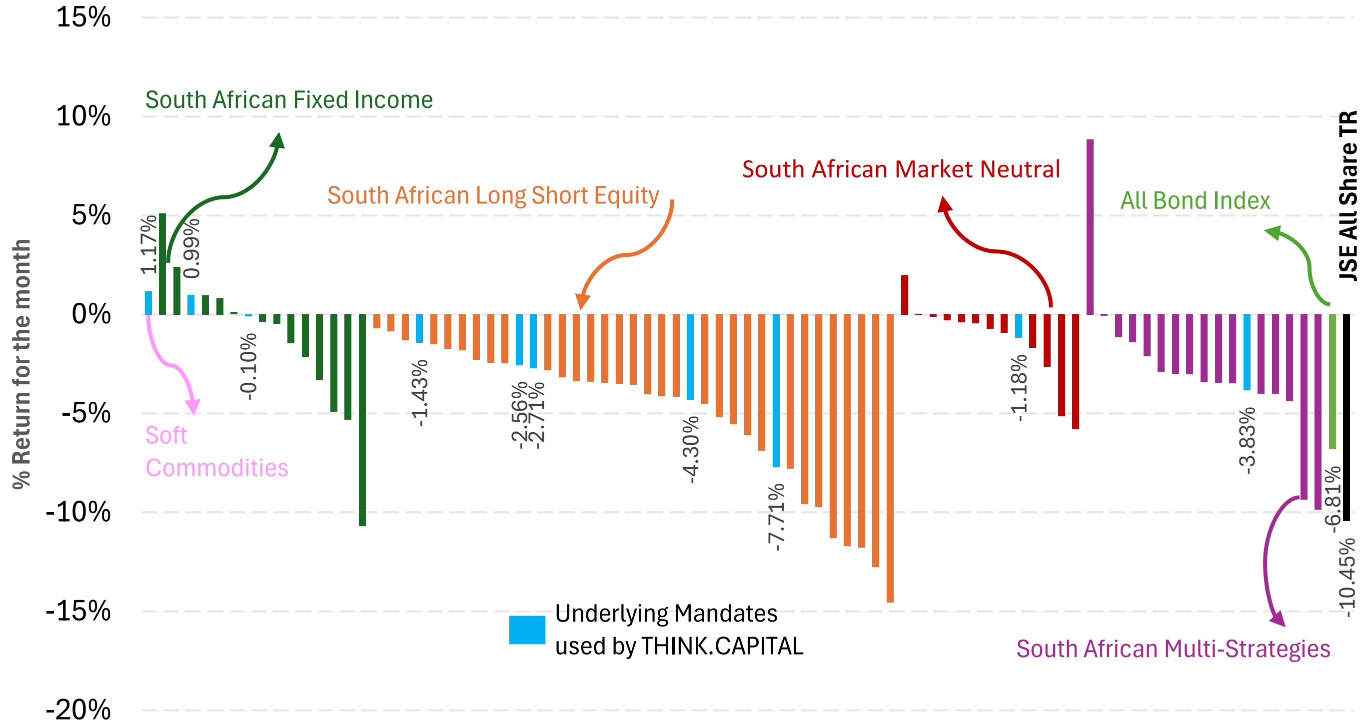
- **True diversification across the equity strategies**, to avoid strong correlations under stress

- **Inclusion of diversifiers** such as fixed income and commodities, which can respond differently to geopolitical shocks
- **Specific selection within fixed income hedge funds** to ensure conservative risk taking within this building block.
- **Careful position sizing**, where allocations reflect both opportunity and downside risk

As a result, the portfolio is not overly dependent on any single outcome—whether markets rise, fall, or move sideways, but still protects.

Graph 1 below shows the returns of the main South African Hedge Fund strategies for March 2026, as well as the THINK.CAPITAL underlying strategies in blue.

Graph 1: SA Hedge Fund Returns during the first month of the crisis
1 March 2026 - 31 March 2026



How the THINK.CAPITAL portfolios behaved during the conflict

In times of crisis, these principles shift from theory to practice. The current environment has reinforced the important reality that during crises, correlations between assets often rise sharply, reducing the benefits of superficial diversification.

As the conflict intensified and markets reacted, several aspects of the process proved particularly valuable to our Funds:

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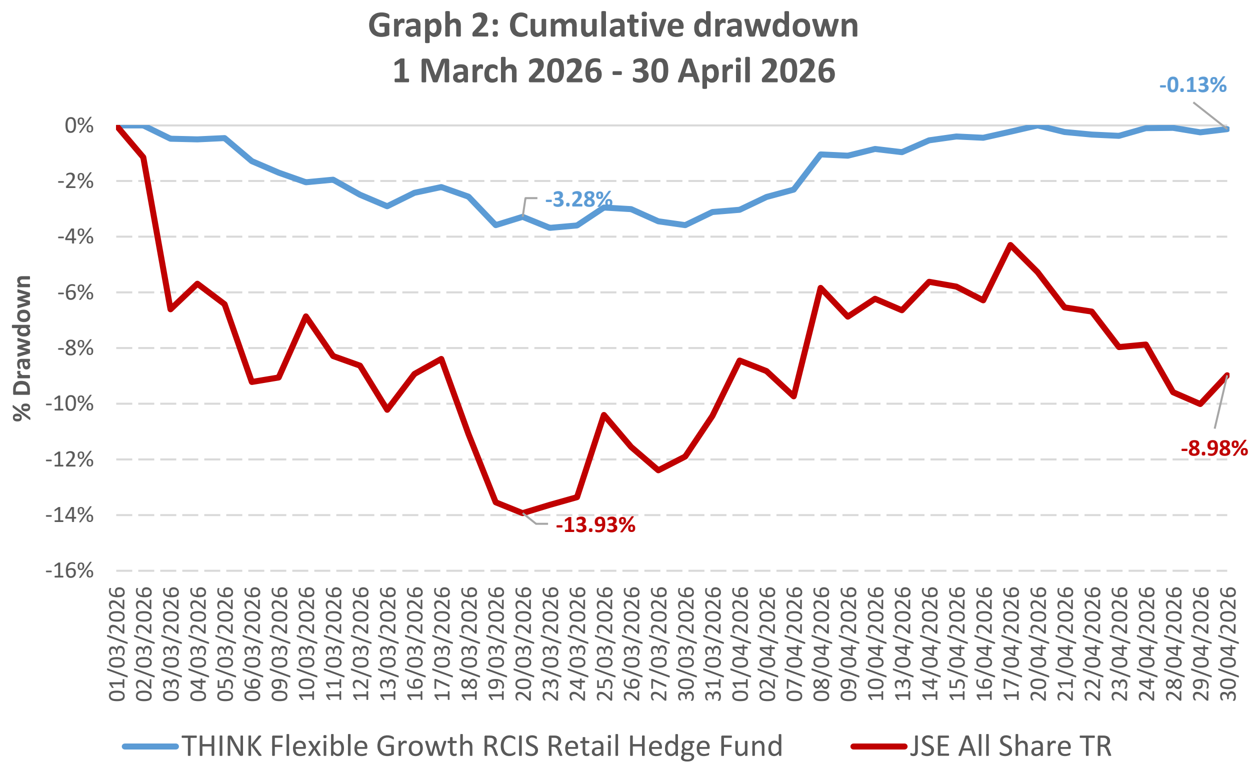
Controlled Drawdowns

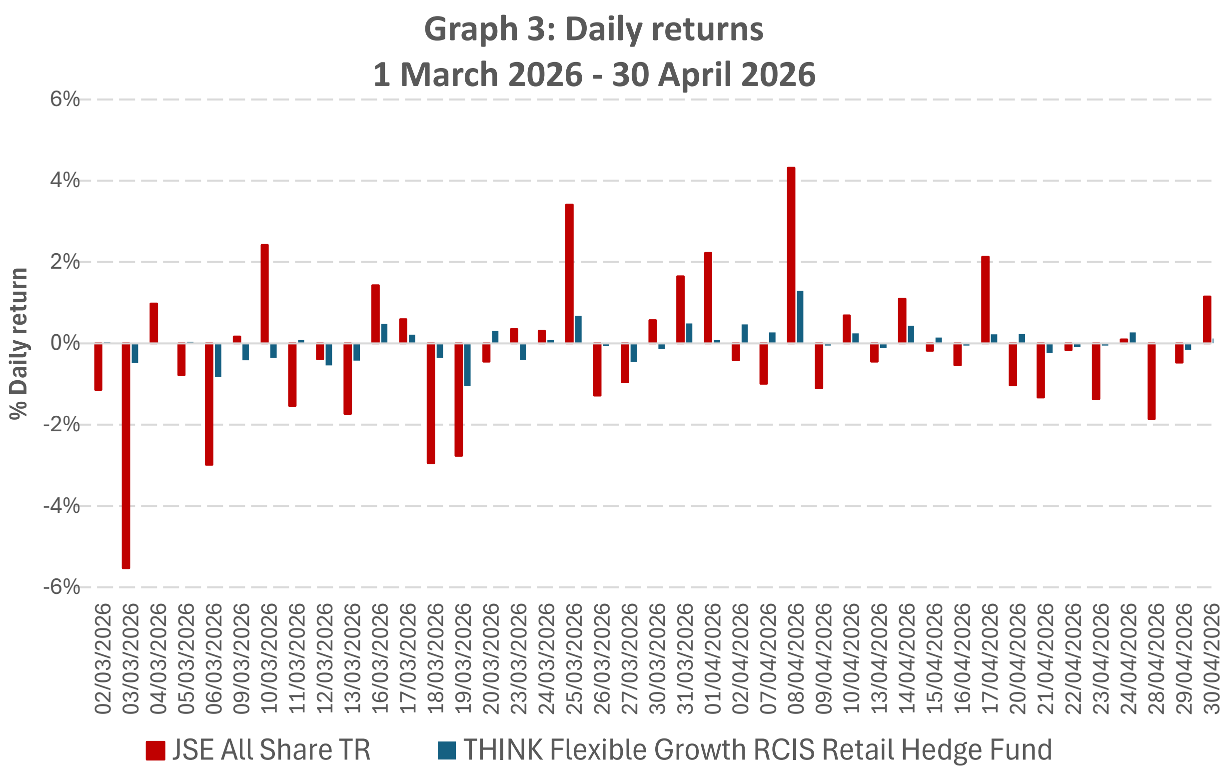
While equity markets experienced a period of sharp weakness, portfolio declines remained contained and within expected ranges. **Graph 2** shows that our daily trading THINK Flexible Growth RCIS Retail Hedge Fund managed to contain the losses and that these were already recovered in April 2026. This reflects the emphasis placed on avoiding large losses.



Asymmetric Return Streams

Graph 3 shows that our daily trading THINK Flexible Growth RCIS Retail Hedge Fund managed to generate **positive returns** 37.50% of the days the JSE All Share Index TR was negative and 95.83% of the time **posted smaller losses than the JSE during negative return days**.

This asymmetry is a key driver of long-term compounding.



Reduced Market Dependence

Because of the process followed, returns were less reliant on overall market direction, allowing for performance even when traditional equity exposure struggled.

Liquidity Discipline

In a time when certain market segments became more difficult to trade, the focus on liquidity ensured flexibility—avoiding forced selling and preserving optionality.

Conclusion: Our proven process over prediction

It is natural during periods like this for investors to focus on short-term developments—ceasefires, escalations, or policy responses. However, these events are difficult to predict consistently.

What remains within our control is the **investment process**.

The past months have demonstrated that the value of a robust investment framework is not theoretical—it is practical and measurable during periods of stress.

While geopolitical uncertainty may persist, we use our skill in combining hedge funds to **build portfolios that can endure, adapt, and grow.**

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CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Calculations are based on actual data where possible and best estimates where actual data is not available. 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Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request. The investment performance is for illustrative purposes only. The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date. Other fees include the permissible deductions of brokerage, STT, VAT, bank charges, trustees and custodian fees incurred in the ordinary course of running the Fund. The Portfolios are third-party named portfolios, managed by Think Capital Investment Management Proprietary Limited ("THINK.CAPITAL"), an authorised financial services provider. RCIS retains full legal responsibility for these Portfolios as manager in terms of CISCA. 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