Independent Alternatives builds scale through diversification and talent

Tatenda Chapinduka and Grant Hogan discuss the firm's growth, their differentiated investment approach and ambitions for the next decade

Independent Alternatives has come a long way since Tatenda Chapinduka and Grant Hogan set up the business almost a decade ago.

"We are proud of the culture that we've developed in our early years. We've seen that change for the better because we now have more people, more ideas and different perspectives, while the same underlying values remain as firm as on the first day we started," says Hogan, who is CEO and co-portfolio manager.

Before setting up on their own, Chapinduka and Hogan worked together at Sanlam Investments in the fund of hedge funds division. They have combined investment experience of more than 30 years.

The pair met as students at the University of Cape Town – where Hogan studied for a BCom (Hons) in Economics and Finance while Chapinduka earned a BBusSci in Actuarial Science and went on to gain his CAIA charter.

At Independent Alternatives, they are joined on the leadership team by Desiree Mpeta, who is head of operations, bringing 26 years of industry experience in finance and prime brokerage.

At the outset, their aim was to reach assets of R10 billion in 10 years.

"We started out very small and, at the time, our 10 for 10 strategy seemed fairly outrageous. But we are on track to achieve that," says Chapinduka, who is CIO and co-portfolio manager. "AUM is the best indicator of the success of an asset management business, because it means you've built a track record which allows you to attract assets."

Independent Alternatives uses a top-down, macro-thematic process combined with bottom-up quantitative analysis, encompassing fixed income, equity and commodity markets, resulting in a differentiated offering.

Starting out with R16 million, the business has grown exponentially in recent years, with more than R8 billion in AUM, managed across a number of products and investors. The company manages R2.5 billion in hedge fund investments and the balance is invested into portable alpha and long-only fixed income products.



Grant Hogan and Tatenda Chapinduka

Its range spans multi-strategy hedge funds, long/short equity hedge funds and fixed income hedge funds, equity portable alpha funds, and long-only fixed income products, including an active bond fund and a money market fund.

The diverse client base includes retirement funds, financial institutions, leading asset consultants, and retail and high-net-worth investors.

A dual mission

Independent Alternatives is a Level 1 B-BBEE contributor, and is 100% staff owned. The company has a dual mission. "The first is what we call 'Same Destination, Alternative Way'," says Chapinduka. "At the core of what we try to do is to get our clients to their financial destinations through an alternative way, enhanced by the tools of modern finance."

The team aims to deliver consistent risk-adjusted above-benchmark performance through a disciplined process, looking to add incremental alpha with less volatility than conventional products.

Its second mission relates to talent incubation and the legacy they want to build, linked to its Hedge Fund Academy.

"One of our core beliefs is that we need to democratise access to opportunities, especially in the hedge fund world. To reach its potential, the industry needs new talent and it needs to transform. We give young graduates the knowledge and tools to become the next generation of hedge fund managers."

This year, two young women have joined the Academy – marking its second official cohort – and both are quantitative analysts on the investment team. Siphokazi Gumbi has a degree in chemical engineering and an MCom in risk management for financial markets from UCT. Olwethu Dlamini holds a Bachelor of Science degree in finance from the Southeastern Louisiana

FUND FACTS

Independent Alternatives Muhu Multi-Strategy Prescient RI Hedge Fund

Portfolio managers: Tatenda Chapinduka, Grant Hogan
Strategy: quant-biased, macro-thematic, multi-asset
Inception date: January 2017
Structure: retail hedge fund
AUM: R1.15 billion
Prime broker: RMB
Manco: Prescient

University in the US.

The academy is a structured programme with work requirements. During their tenure, participants further their education, working towards either the CFA or CAIA charter. They are also representatives under supervision.

"Our new graduates are very capable, but they need the tools, guidance and mentoring to become future hedge fund managers," says Chapinduka. "We log all their experience, and after three years they become full reps in line with regulations. It's a fairly fast-paced programme, whereby within a year we expect them to start contributing meaningfully to the investment process."

Hogan and Chapinduka actively mentor their graduates, spending time with them each week.

"They sit in on all our meetings. After six months, they start coming up with investment ideas," says Chapinduka. "We look forward to seeing them develop the way our other graduates have."

Kgaugelo Mphahlele and Ziyanda Zulu graduated from the programme last year and are now junior portfolio managers. Mphahlele has a Masters in data science from the University of the Witwatersrand while Zulu has a BSc Honours in Mathematical Sciences, also from Wits.

"Kgaugelo and Ziyanda have grown significantly and now drive parts of the investment process, which has been very helpful as we've scaled up substantially. Having that layer of talent gives us clear lines of succession."

Diketso Phokungwane, who has a BSc (Hons) in Mining Engineering from the University of the Witwatersrand, joined in 2025 as a portfolio manager, having spent almost five years at Absa in credit trading and derivatives structuring. He was one of Independent Alternatives' earliest interns, back in 2017, and his return marks its success in building a pipeline of talent.

"Diketso spent two years with us, joining us over his holidays and then going back to study. So when he went to work at Absa, he had hedge fund experience, and that allowed him to slot into Corporate and Investment Banking," says Chapinduka. "Every year, we have about five to seven students spend time at our offices. Some get on to the Academy programme while others are interns for shorter periods or come for the work experience. I used to supervise the honours students in the actuarial stream at UCT and Stellenbosch, and many of those students have come through our doors."

On the operations side, Mpeta heads a team that includes Zukisa Xotyeni as data and risk manager, Sizakele Radebe as office and admin manager and Thandiwe Khoza as office assistant.

Chapinduka and Hogan have long fostered talent in the space – in their earlier days, they were involved in the Sanlam Alternatives academy, nurturing young graduates who have gone on to bigger things in the industry.

"We are so proud of that initiative, because that is transformation. When you give an opportunity to somebody who's prepared for it, the outcomes always surprise you," says Chapinduka.

At Independent Alternatives, they have focused on creating an enabling environment, which includes a fairly flat management structure.

"Because we were enabled early on in our careers, we understand the type of environment that is required. In our offices, the distance to management is extremely narrow; our staff have access to us at any point," says Chapinduka.

Focusing on core values

The firm's three core values are idea meritocracy, maximum open-mindedness and passionate ownership.

"Firstly, it doesn't matter where an idea comes from," says Chapinduka. "You could be a junior or a senior PM; we'll listen to your idea. Yes, there has to be believability. You need to do the work. But ideas can come from anywhere, and we have to allow the best idea to filter through so that we position as correctly as possible."

Secondly, as an investment-led business, Independent Alternatives believes in remaining open-minded.

"A lifespan is relatively short. A lot of what we are going through now has been experienced by previous generations. So we understand that we don't know everything. The more you read, the more you learn and experience, the more you start seeing patterns," he adds.

Thirdly, at Independent Alternatives everybody is treated as an owner, both of the business and of the process. "We hold the team accountable for their areas of the business," says Hogan. "Many of our team have worked in corporates before. We've seen how other businesses operate. We want our people to be comfortable to do their very best work, to come up with the very best ideas, and to have the autonomy to take decisions. It has shaped how we've built this business: always entrepreneurial, always open-minded, always wanting to empower people."

The pair are encouraged by the fact that every member of staff voluntarily invests their own savings in the products the firm manages.

"From the lowest level to the highest, they're all contributing monthly to their respective products. There's a broad belief in what the business is trying to do," says Hogan.

The next decade

Until now, Independent Alternatives has largely focused on the institutional market.

"We've done a lot of work in the institutional space to engage with the gatekeepers, trustees and even shop stewards – those whose money we are managing. For us it has been a good area," says Chapinduka. "If we look back 10 years, the biggest allocators to hedge funds were the multi-managers, or quasi-institutional money. That is how all the big hedge fund managers grew and built their track records."

Their return profile is part of the reason they've been successful in the institutional space.

"Institutional investors don't think of hedge funds as a distinct asset class per se," says Hogan. "They see hedge funds as either complementary to, or delivering better

FUND FACTS

Independent Alternatives Aggressive Multi-Strategy Prescient Hedge Fund

Portfolio managers: Tatenda Chapinduka, Grant Hogan
Strategy: Aggressive quant-biased, macro-thematic, multi-asset
RIF inception date: August 2026
Structure: RIF
AUM: R23 million
Prime broker: Absa, RMB
Manco: Prescient

FUND FACTS

Independent Alternatives Long Short Equity Prescient RI Hedge Fund

Portfolio managers: Tatenda Chapinduka, Grant Hogan
Strategy: market-neutral quant-based equity
Inception date: December 2023
Structure: retail hedge fund
AUM: R784 million
Prime broker: Absa, RMB
Manco: Prescient

FUND FACTS

Independent Alternatives Fixed Income Hedge Fund

Portfolio managers: Tatenda Chapinduka, Grant Hogan
Strategy: SA fixed income hedge
Inception date: July 2025
Structure: segregated account
AUM: R211 million
Prime broker: Absa, RMB
Administrator: Apex

risk-adjusted returns for, their overall strategic asset allocation mix. So for us, having a hedge fund mandate, with the ability to short sell, use leverage and trade derivatives, puts us in a unique position relative to a typical long-only equity or fixed income fund, because we can deliver outperformance during stress periods."

They note that to succeed in the retail space, including the wholesale retail market like DFMs or IFAs, you need a long track record, a big brand, and a business development function that specifically services that market.

Its aggressive multi-strategy portfolio, which the firm ran internally with its own capital from 2020, transitioned to a retail investor hedge fund in August 2026 and will be available on investment platforms. It is designed to compete with moderate-to-aggressive retail hedge funds, and is the product through which the firm plans to grow its retail presence over the next decade. Since its launch, the fund has already attracted an institutional investor.

Run internally, the strategy has delivered an annualised return in excess of 25% since its launch in 2020 gross of fees.

A differentiated approach

Chapinduka and Hogan note that their investment process is differentiated, and so are the returns, combining the macro picture with a quantitative bottom-up process.

Their view remains that the world has changed, yet most portfolios have not, and conventional investors face three main risks: concentration risk, geopolitical risk and hedging deficiencies.

The top 10 global stocks account for over 25% of the MSCI World Index – a concentration level not seen since the late 1990s tech bubble – and most conventional long-only portfolios mirror this, with outsized exposure to US mega-cap technology names. This means that any sentiment reversal (such as earnings disappointment, regulatory action, or rate repricing) could trigger sharp, broad losses.

Geopolitically, portfolios are not equipped for a fractured world. US-China trade tensions, Middle East instability, and re-weaponised tariffs have created a persistent geopolitical risk premium, and long-only mandates have no mechanism to hedge bilateral trade shocks, supply-chain disruptions, or sudden risk-off episodes.

"Markets can reprice geopolitical risk faster than rebalancing committees can convene," they note.

In addition, traditional diversification – across sectors or geographies – can break down in stress episodes such as in 2022, when bonds and equities fell simultaneously.

Without explicit convex hedges, a portfolio that takes 10 years to build can be halved in 18 months, yet most retail and institutional mandates explicitly prohibit short selling, options overlays, or derivatives hedges.

"We believe that markets are not perfectly efficient," says Chapinduka. "We figure out where we are in the business cycle, and then we look for assets that will do well in that part of the cycle. We have a nuanced approach. Our process is steeped in macro thinking, and that macro hypothesis is the link between the business cycle and the investment strategy."

Its idea generation process, known as TMIP (test, measure, investigate and position), is applied across fixed income, equity and commodity markets, creating a true multi-strategy, or multi-asset, way of investing.

"We work out and test the macro hypothesis. Then we measure the degree of dislocation – the macro hypothesis might be correct, but there might be no trade in it. So we look at pricing. And then we ask: is there a margin of safety, based on this degree of dislocation? We investigate the catalysts: what would cause an opportunity to normalise, or behave in an expected way, within that part of the macro cycle? Then we put it all together into a position, figuring out the expected return and the embedded risks."

"We look at the standard deviation from the mean to flag opportunities. We think differently, which leads to different outcomes, and that's fairly reflective in our return stream."

Hogan adds that they are not traditional high-conviction stock pickers, trying to outperform markets based on higher conviction versus the benchmark. "Our process is reliant on a series of uncorrelated positions across equity, fixed income, commodity and currency markets, where portfolio construction and risk management are cornerstones of how the products behave."

> **"Commodities are an important part of how we think about financial markets so our ideas filter into all our products, either directly or indirectly. There's a lead-and-lag effect from grain and commodity prices to food price inflation. We strive to understand those second order effects."**
> *Tatenda Chapinduka*

Risk management has been a feature of its multi-strategy approach, helping to deliver outperformance during heightened volatility or market drawdowns.

"Our multi-strategy solution is not necessarily there to compete with exceptionally strong markets like we had last year. But robust portfolio construction and diversification, and the fact that we are not reliant on any one security, sector or theme to generate returns, gives a level of robustness where you can compound consistently without necessarily having the tailwinds of a bull market."

Hogan highlights the diversification benefits that came to the fore during March 2026 and April 2025, when markets were under stress for varied reasons.

"In those instances the robustness of the portfolio construction is evident, because we're able to better protect and, in most instances, grow capital during market stress events."

Since 2013, their investment process has been tested through multiple cycles including both Trump terms, Brexit, Ramaphoria, Covid, the Russia-Ukraine war, and now the Middle East crisis and US-Iran conflict. "The one thing that has endured has been risk management," says Chapinduka. "When most people have had drawdowns, we've managed either to deliver positive returns, as we did during Covid, or to protect capital. That doesn't mean that we can't also be aggressive to capitalise on opportunities as we did in 2025."

Positioning in risky times

Over the last 12 months to August 2026, the Muhu Multi-Strategy Retail Investor Prescient Hedge Fund is up around 14% net of fees relative to its cash benchmark, which is around 7%. So far this year, it has gained 4.5%.

"A lot of that was driven by positioning for a flatter yield curve last year, given the disinflation that we saw as a result of food prices coming down," says Chapinduka. "That was feeding in from our agriculture and grains trading view, where we saw that after the 2024 El Niño, white maize and yellow maize prices fell, and that impacted inflation."

"We also saw the currency strengthen as a result of higher precious metals prices. Gold was moving higher, and so were industrial metals such as copper and iron ore. The rand largely depends on commodity prices and when terms of trade are good, it tends to strengthen."

Seeing a big dislocation after the Liberation Day tariffs, the team moved aggressively long back-end bonds and short front-end bonds, also taking directional bond positions as well as inverse floaters and some FRAs.



From left: Diketso Phokungwane, Zukisa Xotyeni, Sizakele Radebe, Desiree Mpeta, Grant Hogan, Lufuno Makhari, Tatenda Chapinduka, Ziyanda Zulu, Kgaugelo Mphahlele, Olwethu Dlamini, Siphokazi Gumbi

Coming into 2026 they were "a bit nervous" about markets. With the precursor to US-Iran hostilities in mid-2025, when the US and Israel bombed Iran's nuclear sites, the team had stress-tested the portfolios against a possible closure of the Strait of Hormuz.

"When the war began, we had done the stress-tests, we knew what we needed to do. In February 2026, we could see the build-up in naval assets. We learned from the Russia-Ukraine war that when ships are moving to a place, something is going to happen. Don't listen to the news, just look at the facts."

They started reducing exposure in late February, moving towards more market-neutral positioning and adding equity optionality in areas they felt were overvalued, including some sizeable puts on South African bonds as well as dollar/rand calls.

"Come March, when the war broke out, we were fairly well protected. That is where our strength in risk management comes into play, and we managed to weather that storm," says Chapinduka. "We could see that things were going to remain volatile for some time, so we've remained cautiously positioned since."

"It is not to say we can pre-empt a war or a crisis," adds Hogan. "But valuations and complacency within markets are some of the things we model and measure. A lot of what we do is focus on making a few very high-quality decisions."

For example, they added low-cost portfolio protection at the height of US exceptionalism in early 2025, when the tech story was priced for perfection and volatility was compressed.

"That speaks to how we increase or decrease risk, or how we protect the portfolio during market stress events," says Hogan. "There are going to be more of them. We don't know exactly when or what but, for us, being guided by market pricing is a useful metric. We study volatility in technical terms. It can give you a very cheap way to insure a very expensive portfolio."

They remain close to the agricultural market, watching grain prices alongside weather conditions, including the super El Niño which is expected to persist into 2027, compounded by high fuel prices.

They see the developing El Niño as a potential source of opportunity.

"There are many other negative events that may still come to market," says Hogan. "Even for experienced portfolio managers, it is difficult to make discretionary decisions given the influx of information. Our process is quantitatively biased and robust. We look for statistically significant macroeconomic environments and then position according to probability."

Sequencing trades correctly is vital when they see themes forming.

"You have to know what to trade at what point in time," says Chapinduka. "The quantitative nature of our process helps us determine the degree of dislocation. For example, in the agricultural markets, if we understand the planting season in the Northern Hemisphere versus the Southern Hemisphere, we can sequence trades correctly. So, we've actually done quite well on the strong El Niño transition thus far."

Of late, they have benefited from the cocoa-coffee complex, where stretched spreads are now trading at more normalised levels, as well as US grains including soybeans, corn and wheat, which rose due to the flare-up in the Russia-Ukraine crisis. This has implications for local grains as the planting season approaches.

Within the multi-strategy hedge fund, around a third of the risk sits in commodities, through varying means from resource-focused equities to SA and international grains. Other products, such as the active bond fund, don't include commodities but benefit from the team's insights there, with commodity prices and the currency filtering into the inflation outlook and affecting terms of trade.

"Commodities are an important part of how we think about financial markets so our ideas filter into all our products, either directly or indirectly," says Chapinduka. "There's a lead-and-lag effect from grain and commodity prices to food price inflation. We strive to understand those second order effects. At what point do we observe that in CPI inflation? And how does that affect the curve for South African government bonds?"

"We've built a robust system, looking at data across different markets and commodities, as well as macro data. We think carefully about positioning for secondary effects. Because sometimes you can be right, but you are way too early."

Embracing AI

The team embraces AI as an extension of its research process. They began using big data and machine-learning techniques before they were popular, back in 2017 and 2018, when computing power was expensive, especially for a small, subscale business.

"We use AI as an additional tool, as opposed to having it run in isolation. It's made a lot of what we do much more efficient," says Hogan. "The team is embracing it, but it is not a substitute for the work that an analyst can do."

"If everyone is using the same AI with the same data, you can't expect to come up with a different or unique perspective," he adds. "So we see it as an extension of how quickly and efficiently we can turn around research. But it is really based on our own mental AI. We always trust the mental AI first."

Hogan and Chapinduka agree that the South African market remains difficult, with the economy not growing at a sufficient pace.

The second-quarter 2026 GDP print was negative, and inflation may surprise even more on the upside, given the oil shock, with consensus that oil prices will remain higher for longer. The developing El Niño could potentially cause a maize and food price shock.

"It makes for a very difficult setup," says Chapinduka. "The SARB will most likely be forced to hike interest rates to defend its 3% target in an environment where growth is weakening but inflation is high. So we've been thinking a lot about what happens to the shape of the SAGB yield curve in that case."

"We see pockets of opportunity for our style of management," he adds. "The ability to use the tools of modern finance, to use derivatives to position for things such as El Niño, gives us specific opportunities which are not available to long-only managers."