Dear reader,

Thank you for your interest in Steen Capital Partners ("Steen Partners"). In this short memo I would like to tell you more about us and allow you to assess whether investing in our funds is the best option for you.

Objective

Our objective is to deliver investment returns that exceed the JSE all share index by a sizeable margin *after all fees* over any 10-year period. Most fund managers fail to perform as well as the JSE, let alone outperform. So why would we?

Investment philosophy

Our aim is to buy part ownerships in companies that are virtually certain to show significant per share earnings growth over a 2, 5, 10-year horizon when, *and only when*, the market provides us with an opportunity to buy at a favourable price.

To improve our odds of finding and investing in companies like these, we developed an investment framework – a filter system – to help us sieve out good companies from bad ones and to invest in them *only when* the price vs. value equation is skewed in our favour.

Our process is strict, and most companies fail to make our list. When we do find companies that meet our quality and valuation requirements we act with conviction. This means our portfolio is more concentrated than most other fund managers and do not entertain companies of poor quality, over indebtedness, sub-standard management, or that are too dearly valued by the market.

Our philosophy is based on the principles so generously shared by investor legends Warren Buffett, Charlie Munger, Howard Marks, and Phil Fischer. Yours truly have applied these principles in his own personal investment career over the past c.15 years prior to launching Steen Capital Partners. The results have been satisfactory (Appendix A).

Is this the fund for you?

I want to be candid about what Steen Partners *is* and what we *are not* to allow you to make an informed decision whether this is the right fund for you. Let's start with the latter:

We are not:

- A get rich quick fund
- Crowd followers
- Active traders of stocks
- Speculators or "punters"
- Index huggers

We do not:

- Concern ourselves about under- *or* outperformance from one week/month/quarter to another
- Invest in substandard companies in an attempt to boost short term investment performance
- Invest in overvalued companies, even if they are great
- Invest on the basis of FOMO (fear of missing out)
- Use debt or short stocks
- Make investment decisions based on macro forecasts
- Provide daily, weekly, monthly performance reporting (*we provide quarterly performance reporting as required by regulation. We recommend only paying attention when we send annual performance numbers*).

What we are:

- Long term investors
- Bottom-up, fundamental, valuation-focused investors
- Part owners of businesses
- Independent and analytical thinkers
- Concentrated investors – we focus on our highest conviction ideas
- Patient investors

We will:

- Attempt to outperform the JSE over a 5-10 year running period
- Provide detailed annual reporting on our performance
- Follow a fact-based process to make rational investment decisions
- Take an active role to influence management outcomes and unlock value for shareholders, where possible and where needed
- Communicate candidly about our mistakes

Furthermore, it is important to know that in our pursuit of satisfactory long term returns there *will* be periods when our fund underperforms its benchmark or show negative returns.

It is essential during times of market weakness or underperformance that we remain focused and committed to our investment approach and not revert to self-defeating habits. We can only achieve this if we use times of underperformance or general market weakness to our advantage, i.e. accumulate more of good companies at relatively more attractive valuations. Permanent capital during these periods is a significant advantage and was a major contributor to the performance achieved in Appendix A.

It is important to consider this before investing in our fund. We need you be aligned with our long-term approach.

Our fees

Our standard *annual management fee* is 1.0% (excl. VAT), which includes the management fee of Steen Partners as well as the administration fee of Prescient, our fund administrators. *Other fees* will include custody, trustee, and auditing fees – all necessary to comply with regulatory requirements of collective investment schemes – and trading fees. We aim to keep these as low as possible.

To the extent we succeed in outperforming our benchmark, our standard *performance fees* are 15% of the outperformance of the fund over the JSE all share index. Our interests are therefore aligned with yours, as it should be.

About the investment manager

The investment manager of Steen Partners is yours truly. Prior to founding Steen Partners, I held positions of vice president at Deutsche Bank, and director, managing director, and head of equity research at Citigroup.

During this time I managed my own investment portfolio, analysing companies and formulating and refining my investment approach. I read voraciously about successful investors and travelled the world to meet many of them. This journey has been most rewarding and it is my hope to share this interest, passion, and ideally returns with you as an investor in our fund as well.

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Thank you for taking time to get to know our fund better. If this is the fund for you then I'd be honoured to welcome you to Steen Partners. If it is not, thank you for reading to this point.

For us to succeed, it is important to be aligned on what we are and what we are not. I cannot assure outperformance on a monthly, quarterly, or even annual basis. What I do know is that if we stick to our investment philosophy over an extended period of time we will greatly improve our odds of achieving favourable results, as measured relative to the JSE all share index.

Sincerely,
Johann Steyn

APPENDIX A

Table 1. Fund manager investment track record (annual percentage change)*

Year	Fund manager	JSE all-share
2009	54,5	33,9
2010	14,7	15,8
2011	2,7	(0,2)
2012	25,9	22,7
2013	29,3	17,9
2014	35,7	7,6
2015	32,9	1,9
2016	(9,8)	(0,1)
2017	2,5	17,5
2018	1,8	(11,4)
2019	0,1	8,2
2020	31,5	4,1
2021	44,5	24,1
2022	24,7	(0,9)
2023	9,1	5.3
2024	34,4	9.4
2025	22.6	37.7
Compound annual gain (2009-2025)	21,1%	11,4%
Overall gain (2009-2025)	2042%	460%

*Gross performance. 2009 to June 2023: Fund manager track record in his personal capacity prior to launching Steen Capital Partners, verified by BDO auditors. July 2023 onwards: Performance of the Steen Partners High Equity Prescient QIHF. Past performance does not guarantee future performance.

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