

HOLLARD STABLE FUND*



*Comprises Blue Ink Vesting Trust No 37, Caveo Stable Portfolio Trust, The Novare Capricorn Hollard Hedge Fund en commandite partnership, Silver Cluster Loan Stock Company (Proprietary) Ltd and the Blue Ocean Capricorn Stable en commandite partnership.

OBJECTIVE

The Hollard Stable Fund is a South African long/short equity hedge fund. The Fund has a strong focus on capital preservation, targeting an absolute return in excess of cash. The conservative, counter-cyclical nature of the fund could result in underperformance during equity bull markets, whilst outperforming in equity bear markets.

| | Current NAV | 1 month % | 6 month % | 1 year % | 3 year % | Annualised since launch | Since launch % |
|------------|-------------|-----------|-----------|----------|----------|-------------------------|----------------|
| HSF | R 1,507m | (2.0%) | (3.7%) | 10.8% | 45.0% | 15.6% | 541.5% |

MANAGER'S COMMENTS



April proved to be another challenging month for our stocks. The Fund lost 2.0% while the FTSE/JSE All Share Index returned 1.7%. The dispersion within the market was again significant, which was driven by a risk on rally after the Federal Reserve kept rates on hold. The lower for longer rates, combined with better than expected economic data from China, spurred a strong rally in emerging market currencies and commodities.

Disappointingly losses were incurred in both our long and short positions. Two of our highest conviction long positions, Naspers and Steinhoff, suffered severe drawdowns. Happily our losses in these positions were mitigated as we put derivative structures in place to protect our downside in these two positions.

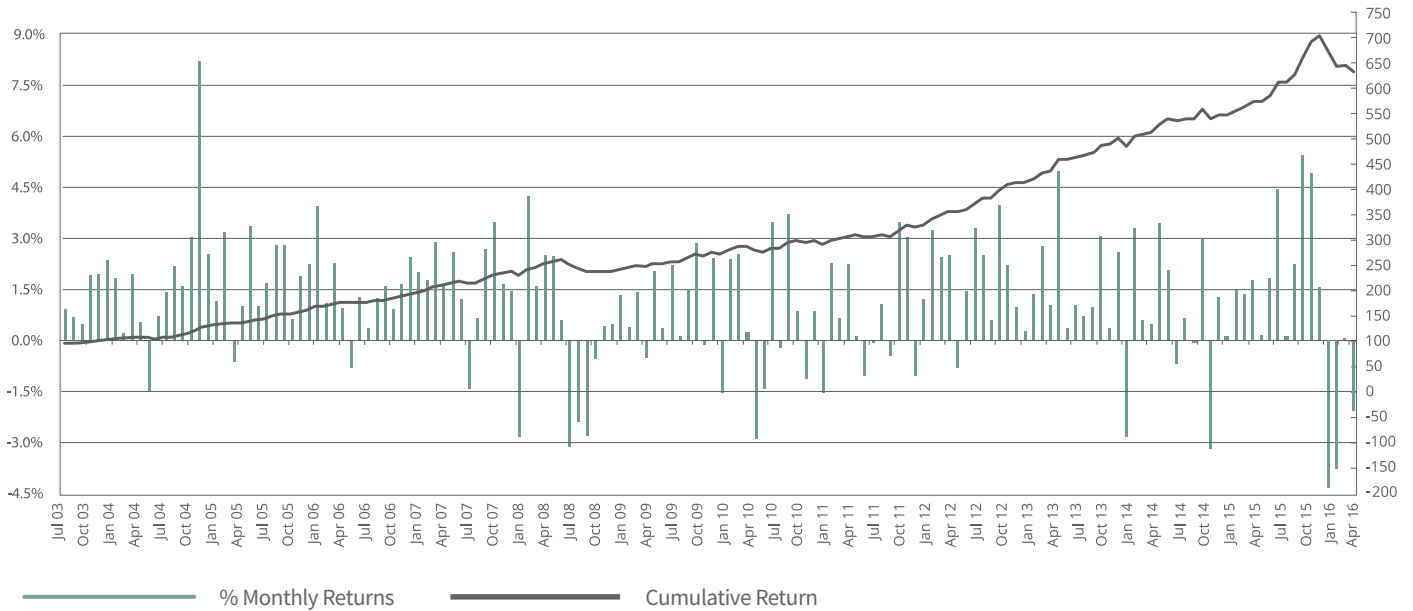
Our short book was under severe pressure as the South African industrial complex performed strongly in tandem with the appreciating Rand. We believe that this rally was purely driven by sentiment and that the fundamental drivers of these companies have not changed. We are thus keeping our positions in these companies until we can see real change in their business environment.

We continue to see the current market conditions as a correction in a longer term thematic trend. We are however cognisant that these conditions may present themselves for an extended period and have thus taken steps to reduce our gross exposures across our portfolios. We have identified where we believe the market may be vulnerable once these conditions recede and will increase our exposure once we are more comfortable with the market environment.

HOLLARD STABLE FUND CONTINUED



Historical Monthly Returns

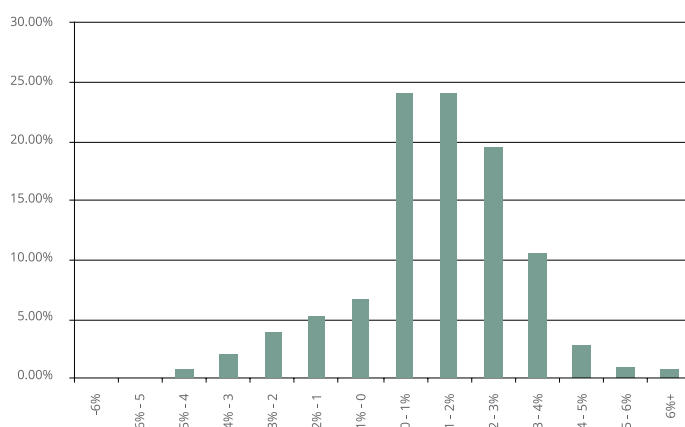


| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| 2003 | | | | | | | 0.9% | 0.7% | 0.5% | 2.0% | 2.0% | 2.4% | 8.8% |
| 2004 | 1.8% | 0.2% | 2.0% | 0.5% | (1.5%) | 0.8% | 1.4% | 2.2% | 1.6% | 3.1% | 8.2% | 2.5% | 25.1% |
| 2005 | 1.1% | 3.2% | (0.6%) | 1.0% | 3.4% | 1.0% | 1.7% | 2.8% | 2.8% | 0.6% | 1.9% | 2.3% | 23.5% |
| 2006 | 4.0% | 1.1% | 2.3% | 1.0% | (0.8%) | 1.3% | 0.4% | 1.3% | 1.6% | 0.9% | 1.7% | 2.5% | 18.6% |
| 2007 | 2.1% | 1.8% | 2.9% | 1.7% | 2.6% | 1.3% | (1.4%) | 0.7% | 2.7% | 3.5% | 1.7% | 1.5% | 23.0% |
| 2008 | (2.8%) | 4.3% | 1.6% | 2.6% | 2.5% | 0.6% | (3.1%) | (2.4%) | (2.8%) | (0.5%) | 0.5% | 0.5% | 0.7% |
| 2009 | 1.3% | 0.4% | 1.4% | (0.5%) | 2.1% | 0.4% | 2.2% | 0.1% | 1.5% | 2.9% | (0.1%) | 2.5% | 15.7% |
| 2010 | (1.5%) | 2.4% | 2.6% | 0.2% | (2.9%) | (1.4%) | 3.5% | (0.2%) | 3.7% | 0.9% | (1.1%) | 0.9% | 7.1% |
| 2011 | (1.5%) | 2.3% | 0.7% | 2.3% | 0.2% | (1.1%) | 0.0% | 1.1% | (0.4%) | 3.5% | 3.1% | (1.1%) | 9.2% |
| 2012 | 1.2% | 3.2% | 2.4% | 2.4% | (0.8%) | 1.5% | 3.3% | 2.5% | 0.6% | 4.0% | 2.2% | 1.0% | 26.1% |
| 2013 | 0.3% | 1.4% | 2.8% | 1.0% | 5.0% | 0.4% | 1.1% | 0.7% | 1.0% | 3.1% | 0.4% | 2.6% | 21.6% |
| 2014 | (2.8%) | 3.3% | 0.6% | 0.5% | 3.5% | 2.1% | (0.7%) | 0.7% | (0.0%) | 3.0% | (3.1%) | 1.3% | 8.5% |
| 2015 | 0.1% | 1.5% | 1.4% | 1.8% | 0.2% | 1.9% | 4.5% | 0.1% | 2.3% | 5.5% | 4.9% | 1.6% | 28.6% |
| 2016 | (4.3%) | (3.7%) | 0.1% | (2.0%) | | | | | | | | | (9.7%) |

HOLLARD STABLE FUND CONTINUED



Frequency distribution of Returns



Statistics

| | |
|--|---------|
| Assets Under Management (R Million) | R1,507m |
| Gross exposure | 147% |
| Net Exposure | 41% |
| % of positive months | 82% |
| % of negative months | 18% |
| Average positive monthly return | 1.9% |
| Average negative monthly return | (1.6%) |
| Annualised monthly volatility (historic) | 6.4% |
| Sharpe Ratio | 1.2 |
| Maximum monthly drawdown | (4.3%) |
| Maximum cumulative drawdown | (9.7%) |

Important Information

Past performance is no guarantee of future returns - values can go up and down. The information contained above has been prepared by Capricorn Fund Managers (Pty) Limited and is unaudited. Returns as shown are the weighted average of all issued series.

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