

HOLLARD STABLE FUND*



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

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 1,599m	(4.3%)	10.1%	23.0%	61.7%	16.5%	579.6%

MANAGER'S COMMENTS



We have been cautioning against the counter cyclical rally and the consequent effect on our funds. That event played out in January and resulted in underperformance of our funds. Unfortunately this occurred at the same time that global markets sold off and this added to the disappointing performance. The Fund declined by 4.3% against the JSE All Share Index which fell 3% during the month.

The primary driver of underperformance was driven by the extreme rally in the South African Gold Miners, as well as the significant rally in many of our short positions. These positions have been contributors to performance over many years and these periodic rallies are expected to occur. In general, we remain bearish on these businesses but one metric that has changed the fundamental dynamic is the absolute Rand weakness. This has provided a life-line for certain businesses and we have begun incorporating this into our base case, which has resulted in small changes within the portfolio.

Another contributor to the negative return was the selloff in many of our favoured longs, including Naspers, Mondi, Investec and Woolworths. This was largely driven by weakness in global markets. Concerns around global growth increased notably in January and this led to a poor start to the year for risk assets. We remain holders of these positions and selectively added to position sizes where dislocations seemed irrational.

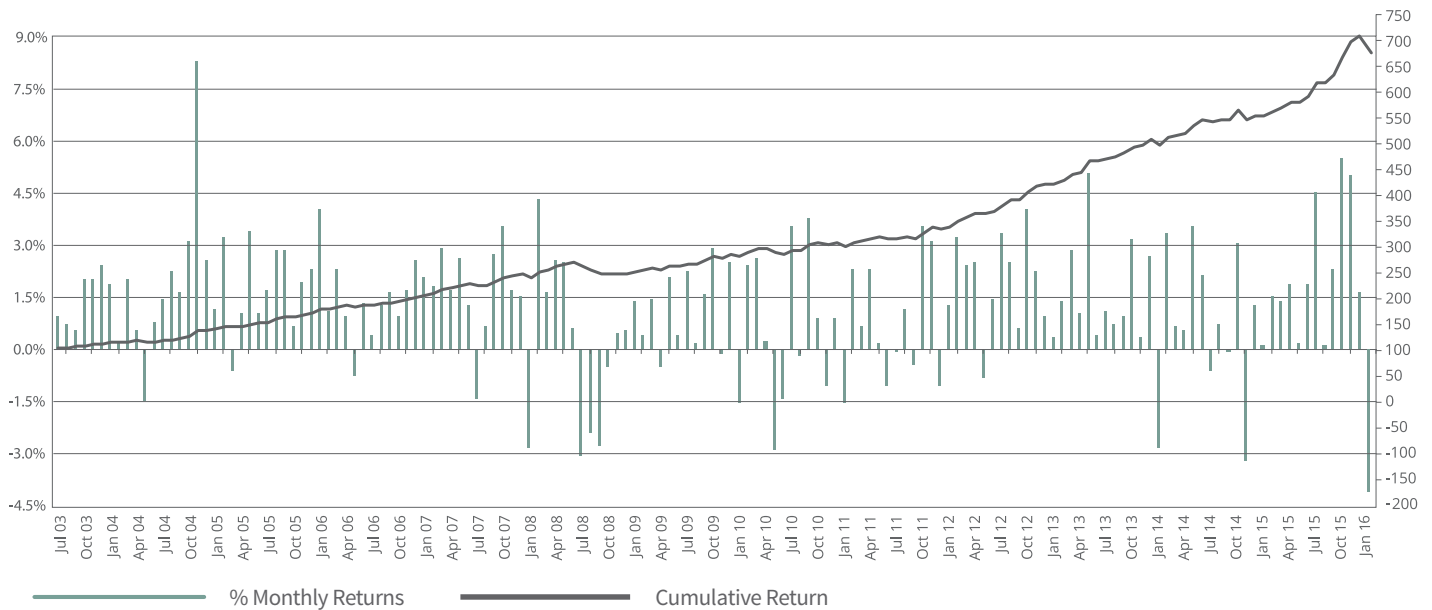
Contributors to performance were intuitively on the short side of the book, in particular domestic orientated businesses in the financial and retail sectors. In addition, performance from Bidvest, Reinet and FirstRand contributed during the month.

Market volatility looks set to remain and the Fund will look to selectively take advantage of dislocations - It remains conservatively positioned to absorb these difficult markets. The counter cyclical rally has occurred and we believe we remain positioned appropriately.

HOLLARD STABLE FUND CONTINUED



Historical Monthly Returns

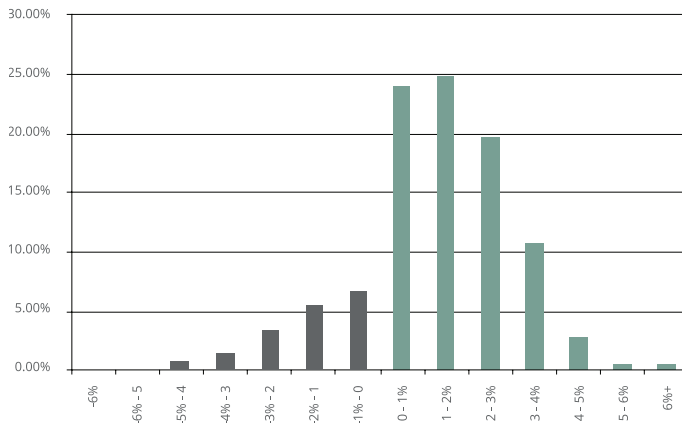


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003							0.9%	0.7%	0.5%	2.0%	2.0%	2.4%	8.8%
2004	1.8%	0.2%	2.0%	0.5%	(1.5%)	0.8%	1.4%	2.2%	1.6%	3.1%	8.2%	2.5%	25.1%
2005	1.1%	3.2%	(0.6%)	1.0%	3.4%	1.0%	1.7%	2.8%	2.8%	0.6%	1.9%	2.3%	23.5%
2006	4.0%	1.1%	2.3%	1.0%	(0.8%)	1.3%	0.4%	1.3%	1.6%	0.9%	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%)												(4.3%)

HOLLARD STABLE FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (R Million)	R1,599m
Gross exposure	175%
Net Exposure	37%
% of positive months	83%
% of negative months	17%
Average positive monthly return	1.9%
Average negative monthly return	(1.5%)
Annualised monthly volatility (historic)	6.3%
Sharpe Ratio	1.4
Maximum monthly drawdown	(4.3%)
Maximum cumulative drawdown	(8.5%)

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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