

HOLLARD STABLE FUND



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	1,252m	0.5%	4.7%	16.9%	64.1%	16.4%	417.3%

MANAGER'S COMMENTS



The fund delivered 0.5% for the month with the second quarter of 2014 proving to be a more challenging environment for Capricorn due to the rotation that has persisted in the markets since March. This is a continuation of the mean reversion trade out of well owned consensus names into the more cyclical SA Inc. stocks.

Interestingly most of the strong performers were in the local consumer space which has seen a resurgence contrary to our expectations. We maintain our long held view that the South African consumer is constrained and that some of these stocks still have downside.

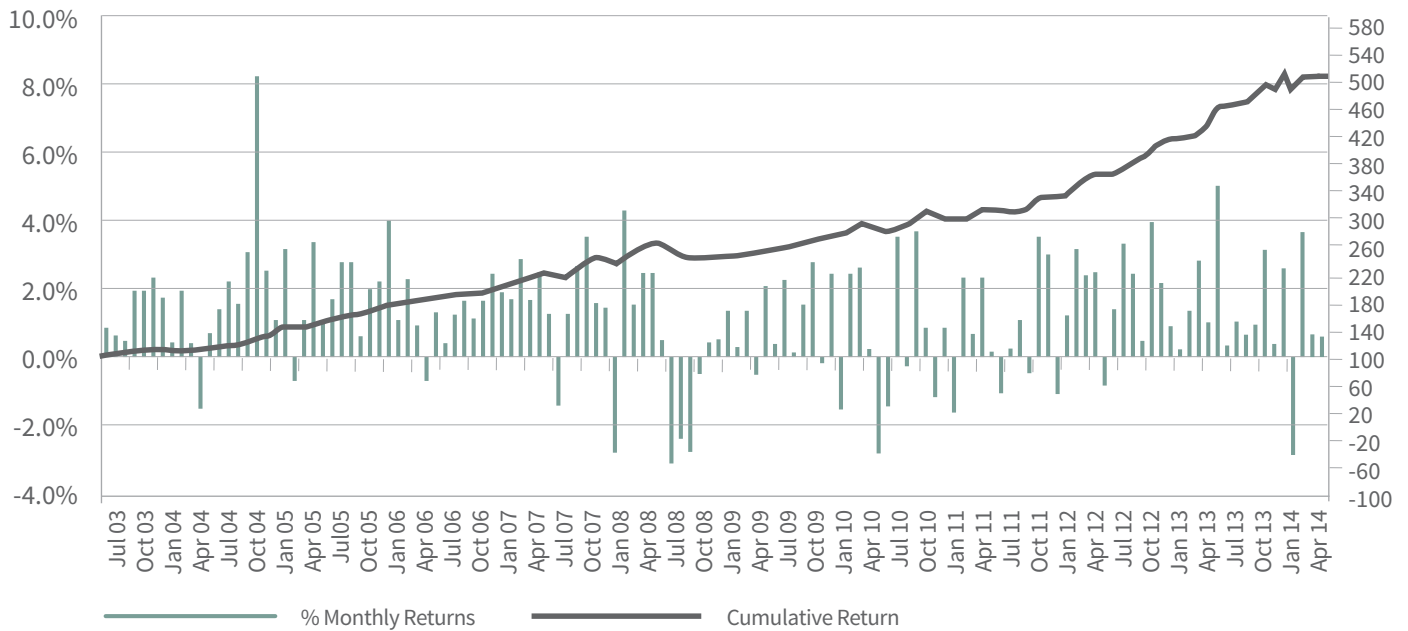
Perhaps of greater importance is that several of our key longer term strategic plays, namely Steinhoff and Discovery, started to perform. On the other hand Naspers deserves special mention due its notable underperformance this month. We remain confident in our Naspers position although we came into the month having trimmed our position. We will use this current weakness to accumulate when the opportunity presents itself and will continue to actively trade around this position as we have done since the fund's inception.

We expect choppy and volatile markets to continue and do see further short term downside risks however we believe there are positive indicators for second half 2014 performance.

HOLLARD STABLE FUND CONTINUED



Historical Monthly Returns

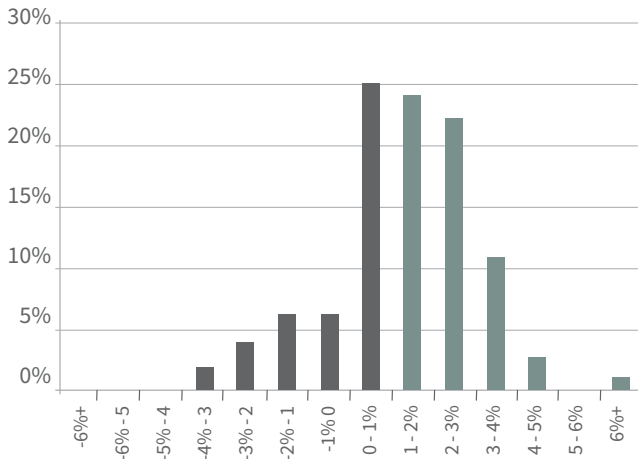


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003							0.9%	0.7%	0.5%	2.0%	2.0%	2.4%	8.8%
2004	1.8%	0.2%	2.0%	0.5%	-1.5%	0.8%	1.4%	2.2%	1.6%	3.1%	8.2%	2.5%	25.1%
2005	1.1%	3.2%	-0.6%	1.0%	3.4%	1.0%	1.7%	2.8%	2.8%	0.6%	1.9%	2.3%	23.5%
2006	4.0%	1.1%	2.3%	1.0%	-0.8%	1.3%	0.4%	1.3%	1.6%	0.9%	1.7%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

HOLLARD STABLE FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (R Million)	1,252m
Gross exposure	182%
Net Exposure	48%
% of positive months	83%
% of negative months	17%
Average positive monthly return	1.8%
Average negative monthly return	-1.4%
Annualised monthly volatility (historic)	5.9%
Sharpe Ratio	1.4
Maximum monthly drawdown	-3.1%
Maximum cumulative drawdown	-8.7%

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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