

## 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 %
<b>HSF</b>	R 1,495m	0.2%	6.4%	8.4%	60.6%	15.9%	480.1%

## MANAGER'S COMMENTS



May presented a difficult month for markets with the JSE All Share Index declining by almost 4% on a total return basis. In comparison the Fund returned 0.2%. A large portion of relative performance was driven off the back of shorts in structurally weak businesses which we have remained resolutely negative on. During the past month our conviction was rewarded.

The majority of our profits came from the short side of our book. Fundamental core shorts in the South African iron ore, telecommunications and property space performed strongly and protected the book well during the volatile month. We continue to view these companies as weak links and remain short. In addition, performance was delivered on the long side from a few select names. Once again Brait was a star performer off the back of their New Look acquisition, the UK retailer with Chinese aspirations. Woolworths was also able to avoid the negative trend in the market off the positive news stemming from a site visit to its new Australian business. Mondi delivered for the Fund with strong Q1 earnings.

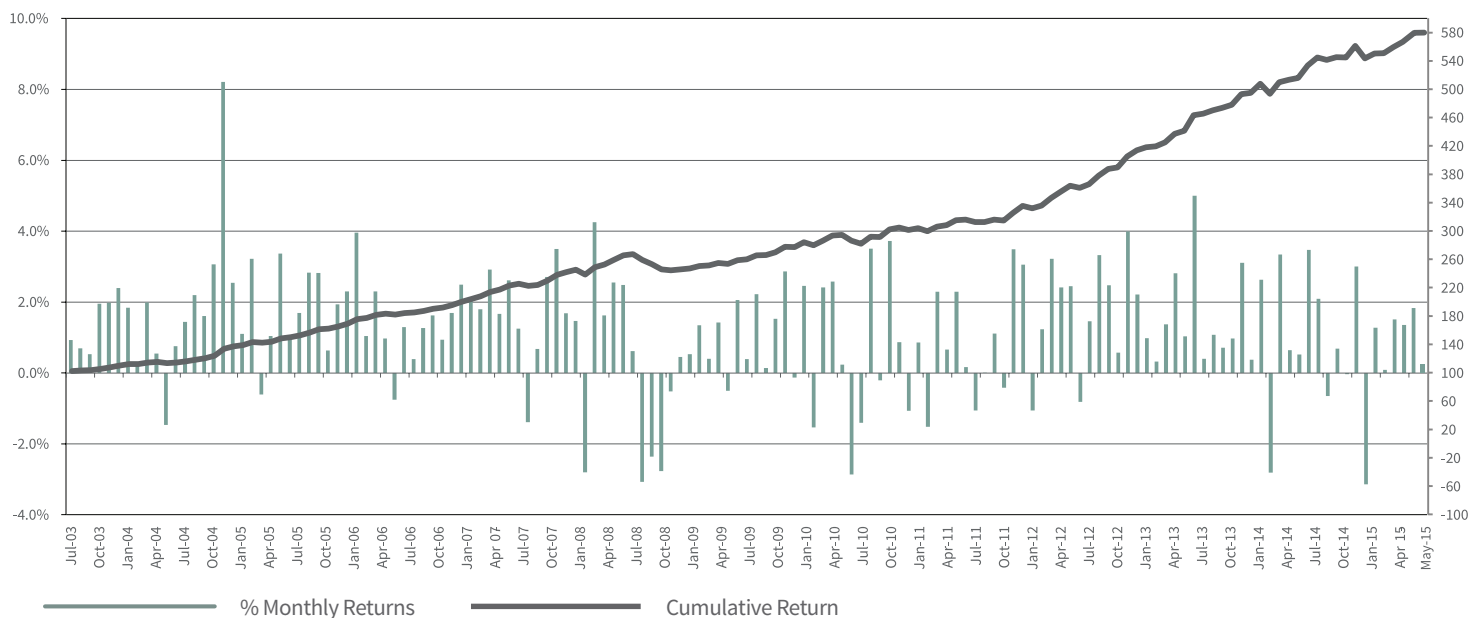
Losses were largely from the long side of the book, an obvious outcome in a weak market. Nampak disappointed with poor half-year results and was duly punished. We are in the process of reassessing our investment case and will be interacting with management before we make a call on whether the position should remain in our portfolio. Our favoured South African hospital stocks performed poorly after reporting weaker than expected results. These shares traded on ratings that allowed for a zero margin on earnings targets.

As we approach the first interest rate hike in the United States, global capital markets are likely to become much more volatile. The Fund has been positioned defensively in response to this, but as always we will be looking to take advantage of the inevitable dislocations that will occur.

# HOLLARD STABLE FUND CONTINUED



## Historical Monthly Returns

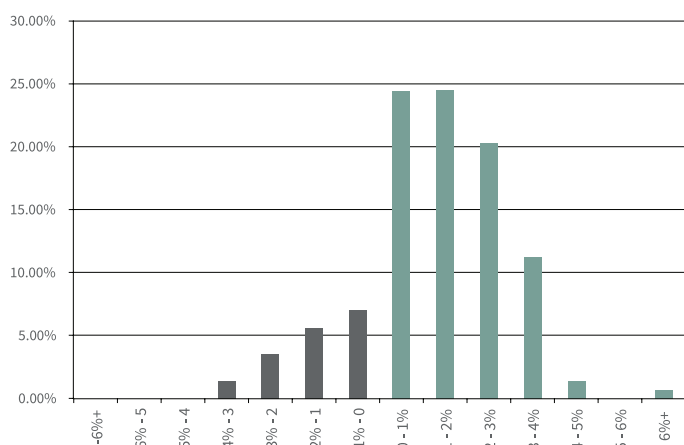


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003							0.9%	0.7%	0.5%	2.0%	2.0%	2.4%	<b>8.8%</b>
2004	1.8%	0.2%	2.0%	0.5%	(1.5%)	0.8%	1.4%	2.2%	1.6%	3.1%	8.2%	2.5%	<b>25.1%</b>
2005	1.1%	3.2%	(0.6%)	1.0%	3.4%	1.0%	1.7%	2.8%	2.8%	0.6%	1.9%	2.3%	<b>23.5%</b>
2006	4.0%	1.1%	2.3%	1.0%	(0.8%)	1.3%	0.4%	1.3%	1.6%	0.9%	1.7%	2.5%	<b>18.6%</b>
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%	<b>23.0%</b>
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%	<b>0.7%</b>
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%	<b>15.7%</b>
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%	<b>7.1%</b>
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%)	<b>9.2%</b>
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%	<b>26.1%</b>
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%	<b>21.6%</b>
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%	<b>8.5%</b>
2015	0.1%	1.5%	1.4%	1.8%	0.2%								<b>5.1%</b>

# HOLLARD STABLE FUND CONTINUED



## Frequency distribution of Returns



## Statistics

Assets Under Management (R Million)	R1,495m
Gross exposure	184%
Net Exposure	46%
% 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	(8.5%)

## 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.

## CONTACT INFORMATION

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