

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 | R 1,364m | (3.1%) | 1.9% | 9.9% | 62.5% | 16.0% | 445.2% |

MANAGER'S COMMENTS



November represented a disappointing month, with the fund declining 3.1%. This was as a result of events that took place in the last two weeks of the month, impacting several of our core positions. Ordinarily our funds have the ability to absorb these shocks well, but the combined impact of several events resulted in significant underperformance.

Outside of a few positions (detailed below) our core long book performed well in relation to the market. Strong performance was delivered from both Discovery and Naspers, both off the back of international transactions they announced. These transactions are yet another data point in the progression of their businesses and we continue to be excited by their prospects. In addition, Richemont and Netcare delivered solid performance ahead of consensus results.

The biggest contributor to losses was driven by the sudden collapse in oil prices. With a drop of more than 15% in the price of oil for the month, our long position in Sasol and short positions in the SA consumer space hurt performance significantly.

In addition, we had two other exogenous events that impacted the Funds. Firstly long-held Brait sold their largest asset, Pepkor, to Steinhoff for an amount that was lower than hoped for by the market. Management has however taken the right decision in realising an asset for a large valuation multiple, in a deal that is one of the largest the country has seen. We are excited to see how management puts these funds to work going forward.

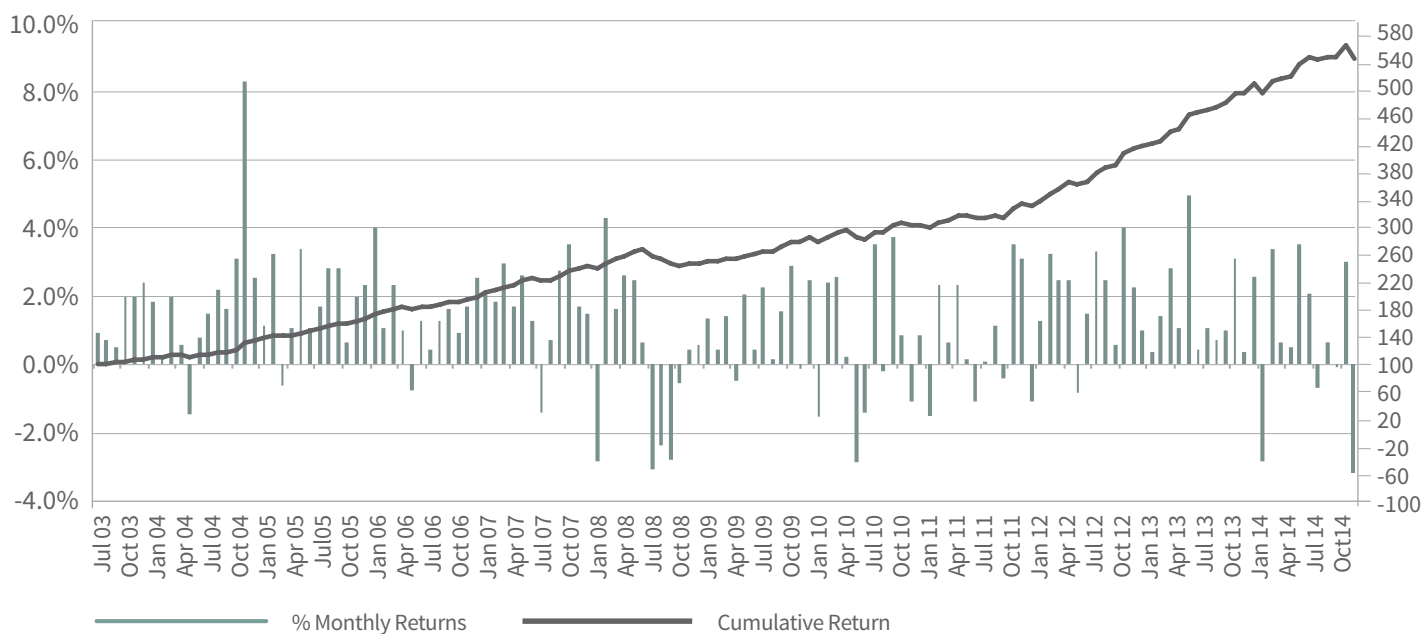
Secondly, the construction company Group Five delivered a shocking profit warning that took us and the market by surprise, with the stock being duly punished for the miss. We took swift action to exit the position.

Our outlook on global equity markets remains bullish. Economic data from the United States continues to surprise on the upside and it is our view that the growth in the US combined with continued accommodative monetary policy in Japan, Europe and China will drive global economic growth and equity markets.

HOLLARD STABLE FUND CONTINUED



Historical Monthly Returns

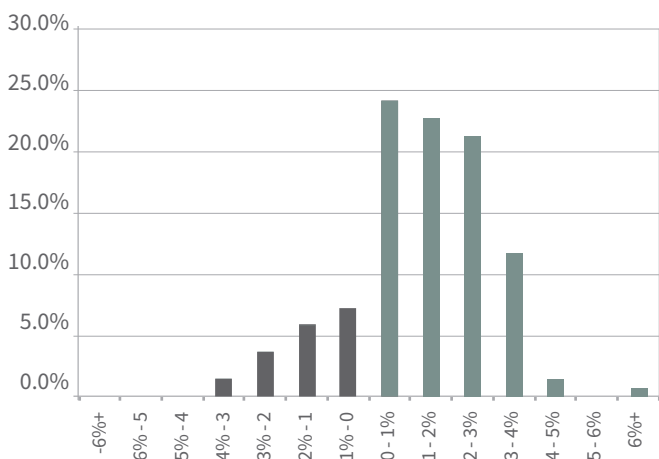


| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|--------|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|
| 2003 | | | | | | | 0.9% | 0.7% | 0.5% | 2.0% | 2.0% | 2.4% | 8.8% |
| 2004 | 1.8% | 0.2% | 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%) | | 7.1% |

HOLLARD STABLE FUND CONTINUED



Frequency distribution of Returns



Statistics

| | |
|--|--------|
| Assets Under Management (R Million) | 1,364m |
| Gross exposure | 191% |
| Net Exposure | 38% |
| % of positive months | 82% |
| % of negative months | 18% |
| Average positive monthly return | 1.9% |
| Average negative monthly return | (1.4%) |
| Annualised monthly volatility (historic) | 6.0% |
| Sharpe Ratio | 1.3 |
| 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.

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