

CADIZ STABLE ABIL RETENTION FUND

April 2016



KEY FEATURES

INCEPTION 18 August 2014

INVESTMENT MANAGER Alastair Sellick

FUND SIZE R7.4 million

INITIAL FEE 0%

ANNUAL MANAGEMENT FEE 0%

NAV PRICE @ 18/08/2014 107.86

NAV PRICE @ 13/03/2015 110.37

NAV PRICE @ 31/08/2015 118.09

FUND OBJECTIVE

The objective of the Cadiz Stable ABIL Retention Fund is to segregate illiquid ABIL assets from the Cadiz Stable Fund. It was established solely for the purpose of holding the ABIL assets until such time that they can be sold or otherwise liquidated, traded or excluded.

NATURE OF THE PORTFOLIO

This is a closed ended portfolio holding debt instruments issued by ABIL. The portfolio is restricted to the investors who were in the Cadiz Stable Fund as at inception date. Repurchases are suspended until such time as the assets are liquid or are able to be traded.

ABIL INSTRUMENTS @ 30 April 2016

INSTRUMENT	DESCRIPTION	STATUS	MATURITY DATE
ABLI06	Inflation Linked Bond	Senior	19/07/2020
Participatory interests in the Cadiz Absolute Yield ABIL Retention Fund			
Participatory interests in the Cadiz Money Market ABIL Retention Fund			

UPDATE ON THE RESTRUCTURING OF AFRICAN BANK AND ITS ENGAGEMENT WITH STAKEHOLDERS

Commentary

In the month leading up to the 4 April 2016 "go live" date for Good Bank bondholders, preparations were made to begin the difficult task of realising value on all of the new Good Bank bonds which have replaced all old African Bank bonds in the Fund. At the time of writing, spreads in ABK bonds have widened slightly in some tenors, but very little trade has occurred. It is very difficult to accurately price the debt of Good Bank, as financial disclosure has been limited, separate financials for Bad Bank / Good Bank do not exist, and the degree of uncertainty around the long term future of the operation is high. Once the Good Bank has distributed management accounts / published audited financials, and informed decisions can be made based on verifiable facts, we are hoping that more trade will occur. Once a clearing price for the large overhang of debt that needs to be sold is found, and if our analysis indicates that the clearing price is close to fair value, the necessary steps will be taken to realise value and return capital to investors. However, we believe that these bonds will be fairly illiquid at least until the Good Bank has been operating for a decent period of time, and until financial statements are distributed. Until that point, investors with units in the Cadiz Absolute Yield ABIL Retention Fund are encouraged to be patient; Cadiz Asset Management will be processing the first return of capital to investors by mid April / early May 2016. After that repayment has been made, coupons will be received from Good Bank semi-annually, or quarterly, depending on the various debt instruments individual characteristics. Once a large enough cash buffer has been built up, the second repayment of capital to investors will be made, and the proceeds from any bond sales over that period will be used to augment the second payment. As we are able to realise value for these bonds in the market, cash will be returned to investors via units in the Absolute Yield Fund. From a worst case scenario perspective, and if the bonds remain illiquid, investors will have to wait until the bonds mature to realise value. We believe that the New Good Bank structure is solid, well capitalised and has sufficient liquidity, such that it is highly unlikely that there will be a deterioration in value of the retention fund before maturity date.

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