

April 2025

Dear Investor,

FIRST QUARTER OF 2025

After eight years of careful growth, Capensis is now ready to take its first confident steps forward. Back in 2017, we wrote in our introductory letter about our dream of launching a global fund. That dream is now close to becoming reality as we await regulatory approval for the new fund that we applied for earlier this year. Simone has done an outstanding job identifying the most suitable jurisdiction and selecting product partners that align with our ambitions. Navigating the many permutations was no small task, and we are very pleased to have finalized agreements with proven partners—many of whom we have worked with successfully in the past.

This will be the final letter we write under the [Capensis Capital](#) name. We have decided to rebrand the business as [Granate Portfolios](#), coinciding with the launch of a global fund under the Granate Asset Management banner. All current investors will have the opportunity to convert their Capensis Capital portfolio into units of the new global fund.

As we've highlighted previously, we expect the fund to offer meaningful long-term tax advantages, particularly for individual South African investors. Please don't hesitate to contact us with any questions.

We are genuinely excited about this next step in our journey and look forward to sharing it with you.

Investment Performance

Over the past eight years, the portfolio has grown by 7.9% per annum, compared to the benchmark of US inflation plus 6%, which increased by 9.5% per annum.

The performance over the past five years compares much more favourably to the benchmark. We see this as evidence of the improvement in the business since joining forces with Granate Asset Management. Over the past five years, your portfolio has grown by 13.1% per annum, compared to the benchmark's 10.4% per annum.

Return	Capensis Capital		Benchmark (US inflation + 6%)	
	Total	Annualised	Total	Annualised
Since inception (8 years)	+83.3%	+7.9% p.a.	+105.9%	+9.5% p.a.
Last 5 years	+84.7%	+13.1% p.a.	+63.9%	+10.4% p.a.

Source: Interactive Brokers, US Bureau of Labour Statistics, Capensis Capital

This letter should be read in conjunction with your quarterly investment statement, which contains all the financial details. As always, feel free to contact us if you would like to discuss your portfolio.

Portfolio Updates

The main contributors to performance this quarter were Berkshire Hathaway, Markel, and Unibail-Rodamco-Westfield. The primary detractors were several semiconductor companies and Interactive Brokers.

We did not introduce new businesses or exit any holdings during the quarter. However, we reduced your exposure to Berkshire Hathaway and Markel—both of which have been anchor positions in your portfolio for many years.

Berkshire has remained a strong contributor to your returns. In recent months, however, the stock has traded at levels we believe exceed what is justified by its growth prospects, largely due to its fortress-like balance sheet. While Berkshire is an exceptional company and a historic example of value creation, we feel a smaller position is more appropriate at this stage.

Markel, though also a positive contributor, has not performed as strongly as Berkshire. Some of its capital allocation decisions have underdelivered, and the insurance business has underperformed our expectations. Management recently announced a series of changes and reorganizations, which the market welcomed. This rally provided an opportunity to trim the position to a level we are more comfortable with. We look forward to further updates from management on their plans to unlock the business's full potential.

The proceeds from these sales increased your cash balance at quarter-end, allowing us to redeploy capital during the market sell-off that followed US President Trump's tariff announcement in April.

On the detracting side, the semiconductor holdings experienced significant volatility, driven by ongoing headlines about restrictions, tariffs, and new developments such as DeepSeek. These factors created a highly volatile environment for your investments across the semiconductor supply chain.

We did not make significant changes in response during the quarter. The events did not fundamentally alter our investment theses, nor did the price declines present compelling enough opportunities to materially increase exposure. We remain highly confident in the long-term prospects of your semiconductor investments and have identified additional opportunities we aim to add to the portfolio over time.

Conclusion

continues to be a pleasure and a privilege to manage your investment. Please don't hesitate to contact us if you have any questions regarding your portfolio.

Your partners in long-term value,

Everyone at Granate Asset Management



Disclaimer

This document is intended for the clients of Capensis Capital (Pty) Ltd. All data provided by Capensis, unless otherwise stated, is current as at 31 March 2025.

Capensis Capital (Pty) Ltd is an Authorised Financial Services Provider, regulated by the South African Financial Sector Conduct Authority. Registered office: 2nd Floor, Josephine Mill, 13 Boundary Road, Newlands, 7700.

More information about Capensis can be found at <http://www.capensiscapital.com>.

The value of your investments and the income from them may go down as well as up. It is possible that you may receive less than you invested. Past performance is not indicative of future performance.