

CAPRICORN GEM FUND



OBJECTIVE

The Fund is a US Dollar denominated, moderate risk, equity long/short hedge fund, which aims to achieve superior risk-adjusted returns on an absolute basis over any 12 month period by investing in Global Emerging Markets.

Capricorn GEM Fund comprises Capricorn GEM Fund Inc. and Capricorn GEM Fund L.P.

	Current NAV per Share	1 month %	6 month %	1 year %	3 year %	Annualised since launch	Since launch %
Class A - USD	246.0	(3.2%)	5.8%	15.9%	45.3%	11.9%	146.0%
Class B - EURO	242.6	(3.2%)	5.8%	16.4%	44.6%	11.7%	142.6%
Class C - GBP	240.3	(3.2%)	5.6%	14.7%	43.5%	11.6%	140.3%

Date: as at 29/02/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd
 AUM of the Capricorn GEM Strategy: (\$300m). The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP (\$146m) and Lyxor/Capricorn UCITS Fund (\$154m).

MANAGER'S COMMENTS



February was a month of further digestion in the portfolio, as the cyclical trade in markets gathered momentum seeing the fund return (3.2%) against emerging markets, which were flat for the period. The month was characterised by sustained volatility and the bulk of fourth quarter earnings season, which has produced polarising results and mixed guidance across our economies. Eurozone troubles remain at the fore globally, along with Federal Reserve uncertainty pertaining to expected rate hikes. The broad-based relief rally in commodities seems unsustainable and we maintain our multi-year view that the commodity supercycle is over, with further pain to be felt in the space.

The top winners in February were comparable by size and both hailed from Indonesia in the form of Matahari Department stores and AKR Corporindo. Matahari rallied 14% on the month and we continue to believe this business has material upside, which is currently underappreciated as the Indonesian consumer begins to accelerate once again. AKR Corporindo continued its positive performance post its inclusion into the MSCI Indonesian index and rose 10.5%. Long term favourite Steinhoff rose 12% on the month and rounding up the top gainers was new Indian stock Vakrangee, which is a deeply rooted financial logistics service provider and strategic partner to the government of India, as well as international giants such as Amazon.

The main detractors in February came from the South African market with a short in South African gold shares frustratingly hitting performance. At the time of writing, this position has been closed. Woolworths Holdings came with a disappointing fourth quarter earnings release, which saw the company miss market expectations. We remain long at the time of writing and still consider this one of the best retail operations in the country, despite the softening in the domestic consumer along with their international franchise. The other detractors of note were Discovery, which has given up some of its significant gains as it contends with weakness in the UK business and long held favourite Naspers, which consolidated after a period of rapid performance.

Looking forward we are satisfied with the positioning in the portfolio, but are carefully evaluating the risk-reward which has manifested itself in us running way below historical average net exposures, in order to prioritise capital preservation in this period of uncertainty. Federal Reserve uncertainty is gaining momentum as data points soften globally. We believe that the broad cyclical rally we have seen is from heavily oversold levels, we are pleased with the long book but the major detractors from performance have principally come on the short side. We have shifted some gross exposure where we have changed our view and this has been fairly stock specific, however our thematic views are unchanged, particularly in the commodity space where we do not believe any rally is sustainable.



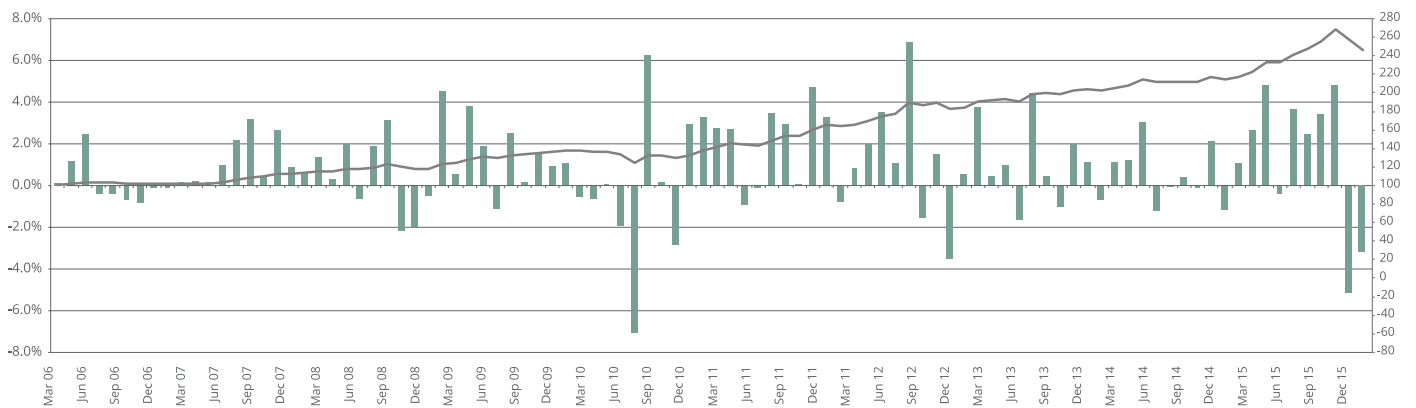
CAPRICORN GEM FUND CONTINUED



Historical Monthly Returns (Class A - USD)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008			0.1%	1.2%	2.5%	(0.4%)	(0.4%)	(0.7%)	(0.8%)	(0.1%)	(0.1%)	0.2%	1.6%
2009	0.2%	0.2%	1.0%	2.2%	3.2%	0.5%	2.7%	0.9%	0.7%	1.4%	0.3%	2.0%	16.3%
2010	(0.6%)	1.9%	3.1%	(2.1%)	(2.0%)	(0.5%)	4.6%	0.6%	3.8%	1.9%	(1.1%)	2.6%	12.6%
2011	0.2%	1.6%	1.0%	1.1%	(0.5%)	(0.6%)	0.1%	(1.9%)	(7.0%)	6.3%	0.2%	(2.8%)	(2.9%)
2012	3.0%	3.3%	2.8%	2.7%	(0.9%)	(0.1%)	3.5%	3.0%	0.1%	4.7%	3.3%	(0.7%)	26.1%
2013	0.8%	2.0%	3.6%	1.1%	6.9%	(1.5%)	1.6%	(3.5%)	0.5%	3.8%	0.5%	1.0%	17.7%
2014	(1.6%)	4.4%	0.5%	(1.0%)	2.0%	1.1%	(0.7%)	1.1%	1.2%	3.1%	(1.2%)	(0.0%)	9.2%
2015	0.4%	(0.1%)	2.1%	(1.1%)	1.1%	2.7%	4.9%	(0.4)%	3.7%	2.5%	3.5%	4.8%	26.7%
2016	(5.2%)	(3.2%)											(8.2%)

Date: as at 29/02/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



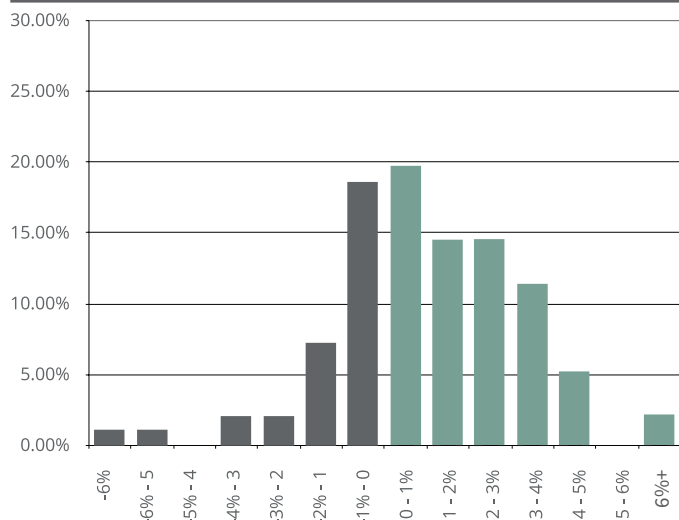
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	146m
Gross exposure	199%
Net Exposure	38%
% of positive months	68%
% of negative months	32%
Annualised monthly volatility (historic)	7.9%
Average positive monthly return	2.1%
Average negative monthly return	(1.4%)
Sharpe Ratio	1.5
Maximum monthly drawdown	(7.0%)
Maximum cumulative drawdown	(9.8%)

Exposure

Sector Exposure	Gross	Net
Financials	41%	6%
Consumer Discretionary	36%	23%
Consumer Staples	30%	4%
Industrials	26%	13%
Information Technology	16%	8%
Materials	15%	-5%
Hedge	10%	-4%
Health Care	9%	9%
Telecommunication Services	7%	-7%
Energy	6%	-6%
Utilities	3%	-3%
Grand Total	199%	38%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	82%	5%
Asia Ex-China	49%	38%
South America	21%	4%
Middle East	16%	-9%
Europe	10%	4%
ROW	7%	-1%
Russia	4%	-2%
China	4%	3%
North America	2%	-2%
Australia	2%	0%
Eastern Europe	2%	-2%
Grand Total	199%	38%

All data:

Date: as at 29/02/2016 (net of fees).

Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

CAPRICORN GEM FUND CONTINUED



Important Information

ALL DATA:

as at 29 February 2016 (net of fees) Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

Important Notice: This document is prepared by Capricorn Fund Managers Limited ("CFM") authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom. The investment products and services of CFM are only available to persons who are professional clients and eligible counterparties as defined in FCA's rules. They are not available to retail clients.

This document is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. The fund referred to in this document is a Cayman Limited Partnership and has not been registered under the securities laws, or authorized or approved by any regulatory authority, of any other jurisdiction. The fund is an unregulated collective investment scheme for the purposes of the Financial Services and Markets Act 2000. UK Investors should be aware that the fund is not covered by the Financial Services Compensation Scheme.

In particular, this document is not intended for distribution in the United States or for the account of U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act")) except to persons who are "qualified purchasers" (as defined in the United States Investment Company Act of 1940, as amended (the "Companies Act")) and "accredited investors" (as defined in Rule 501(a) under the Securities Act).

This document is provided for information purposes only and should not be regarded as an offer to buy or a solicitation of an offer to buy shares in the funds managed by CFM (the "Funds"). Investment in the Funds managed by CFM carries significant risk of loss of capital and investors should carefully review the terms of the Funds' offering documents for details of these risks. The prospectuses of the Funds are the only authorised documents for offering of shares of the Funds and may only be distributed in accordance with the laws and regulations of each appropriate jurisdiction in which any potential investor resides. Nothing described herein is intended to imply that an investment in the Funds is "safe", "conservative", "risk free" or "risk averse". This document does not consider the specific investment objective, financial situation or particular needs of any investor and an investment in the Funds is not suitable for all investors. Investors are reminded that past performance should not be seen as an indication of future performance and that they might not get back the amount that they originally invested. The price of shares can go up as well as down and can be affected by changes in the rates of exchange.

Performance information for the month of the document is net of all fees and expenses, the performance data disclosed is not audited. Comparison to the index where shown is for information only and should not be interpreted to mean that there is a correlation between the portfolio and the index.

The views expressed in this document are the views of CFM at time of publication and may change over time. Nothing in this document constitutes investment, legal tax or other advice nor is it to be relied upon in making an investment decision. No recommendation is made positive or otherwise regarding individual securities mentioned herein. CFM does not provide investment advice to clients for the purposes of the FCA's rules. No guarantee is made as to the accuracy of the information provided which has been obtained from sources believed to be reliable. The information contained in this document is strictly confidential and is intended only for use of the person to whom CFM has provided the material. No part of this document may be divulged to any other person, distributed, and/or reproduced without the prior written permission of CFM.

CONTACT INFORMATION

Investment Manager

Capricorn Fund Managers Limited
 Malta House
 36-38 Piccadilly
 London
 W1J ODP
 United Kingdom

For enquiries please contact

Jonty Champion

T: +44 207 317 4411

E: jcampion@capricorncapital.com

Authorised and regulated by the Financial Conduct Authority
 FRN: 505252

Investment Adviser

Capricorn Fund Managers (Pty) Limited
 Capricorn House
 32 Impala Rd
 Chislehurst
 2196
 South Africa

For enquiries please contact

Andrew Crawford

T: +27 11 666 0716

E: andrewc@capricorncapital.com

Licensed by the Financial Services Board
 License number: 863