

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	233.9	(4.9%)	(3.0%)	7.9%	33.5%	11.1%	133.9%
Class B - EURO	230.4	(5.0%)	(3.4%)	8.4%	32.6%	10.9%	130.4%
Class C - GBP	228.5	(4.9%)	(3.8%)	7.0%	31.8%	10.8%	128.5%

Date: as at 31/03/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

AUM of the Capricorn GEM Strategy: (\$318m). The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP (\$143m) and Lyxor/Capricorn UCITS Fund (\$175m).

MANAGER'S COMMENTS



March was a disappointing month with the Fund losing 4.9%; this took place in a quarter which was punctuated by a pause in the strength of the US Dollar versus the Emerging Market currency basket and a bounce in the commodity space. The change in market conditions, along with the inflection point where value has been favoured over growth, has been a contributing factor in the underperformance of the portfolio and the correlations in our exposures have been analysed carefully throughout. These factors along with specific market events such as the binary political malaise taking hold in Brazil and risk on rally in Turkish stocks caused duress over the month.

In March the two largest gains hailed from the Philippines; Double Dragon Properties and Xurpas Inc. which rose 32% in March whilst Double Dragon rallied 51% reaching a new all-time high. We believe both businesses present great opportunities with lots of optionality and transformational elements to their business models which continue their outperformance. Brazilian drugstore operator Raia Drogasil strengthened 13% in line with the strength in the Brazilian Bovespa as the business continues to post record results. Turkish confectionary company Ulker Biskuvi also had a strong month as the stock benefitted from the rally in Turkey, in unison with good results in a tough environment and strategic initiatives from holding company level promising continued strength.

The largest detractors in the month came from Brazil and Turkey where shorts in the banking and steel space were responsible for the majority of the loss. A short in the South African construction space contributed to the significant losers this month.

Regarding the situation in Brazil, the country is now in a binary political situation of which the outcome remains unpredictable. Fundamentals on the ground remain strained despite the respite from commodities and we maintain our view on each of the companies, however we have been reducing our exposure whilst the outcome remains uncertain, in order to protect against the increased volatility driven by headline risk and unforeseen outcomes. We maintain the view that the bounce in the commodities is not sustainable, however in the short term there is still room for further improvement as the relief rally gains some momentum with the relative weakness in the US Dollar.

We have always told investors the risk to our style and to our Fund's short term performance is when there is an inflection point in markets, typically from growth to value. We have experienced this from time to time over the many years of running this Fund and its South African sister Funds and believe we are undergoing this move at the moment. Our view is that unless this shift is underpinned by improving earnings it is most likely it will not endure beyond a vanilla valuation adjustment from very cheap to what is considered by many as fair value. We do not know how long this shift can last but we believe it to be a function of extreme positioning coming into 2016. We believe it is time to be prudent and as such we are reducing the number of stocks, as well as the gross exposure in the portfolio as well as introducing some extra beta into the portfolio from a tactical perspective.



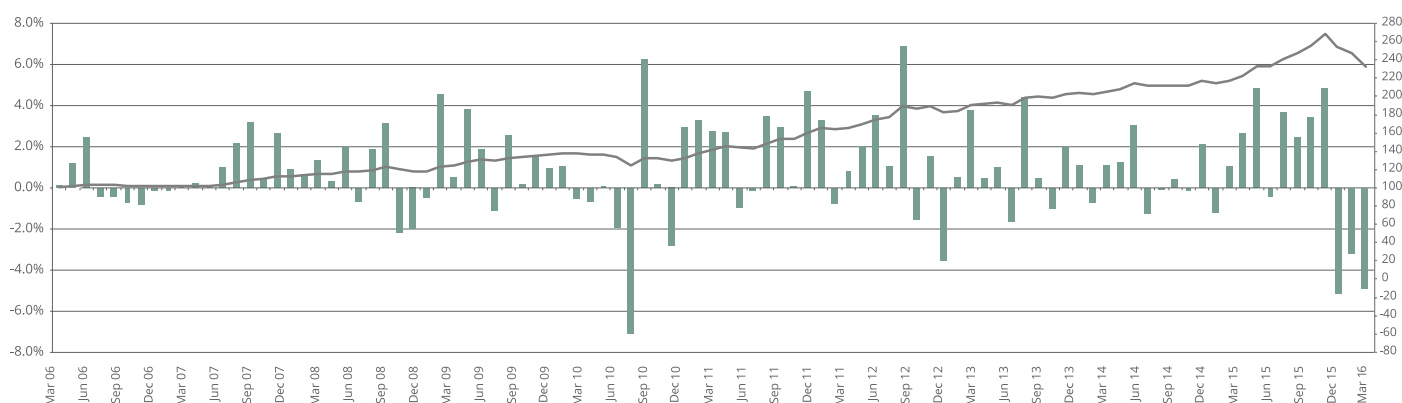
CAPRICORN GEM FUND CONTINUED



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%)	(4.9)										(12.7%)

Date: as at 31/03/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



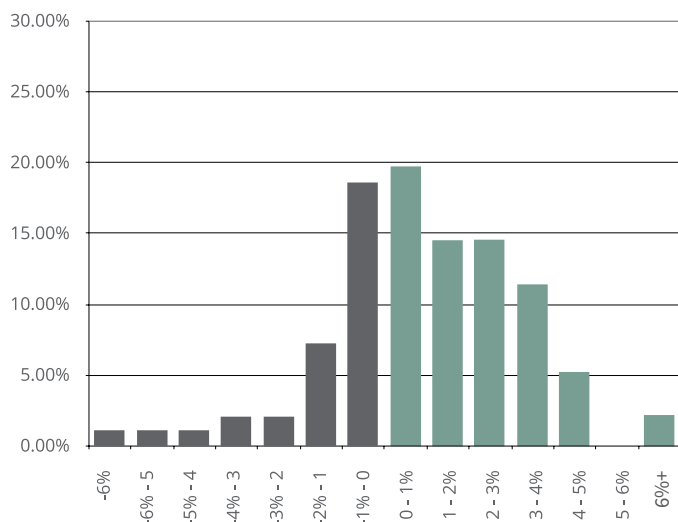
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	143m
Gross exposure	213%
Net Exposure	50%
% of positive months	67%
% of negative months	33%
Annualised monthly volatility (historic)	8.1%
Average positive monthly return	2.1%
Average negative monthly return	(1.5%)
Sharpe Ratio	1.3
Maximum monthly drawdown	(7.0%)
Maximum cumulative drawdown	(12.7%)

Exposure

Sector Exposure	Gross	Net
Financials	49%	11%
Consumer Discretionary	38%	22%
Consumer Staples	36%	10%
Industrials	27%	12%
Information Technology	17%	9%
Materials	16%	(7%)
Health Care	11%	11%
Telecommunication Services	8%	(8%)
Energy	7%	(7%)
Utilities	4%	(3%)
Grand Total	213%	50%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	86%	16%
Asia Ex-China	52%	37%
South America	22%	8%
Middle East	21%	(9%)
Europe	12%	5%
ROW	7%	(2%)
Russia	3%	(3%)
Australia	3%	0%
China	3%	2%
Eastern Europe	2%	(2%)
North America	2%	(2%)
Grand Total	213%	50%

All data:

Date: as at 31/03/2016 (net of fees).

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

CAPRICORN GEM FUND CONTINUED



Important Information

ALL DATA:

as at 31 March 2016 (net of fees) Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

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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.

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