

CAPRICORN PERFORMER FUND



OBJECTIVE

The Capricorn Performer Fund is a South African long/short equity hedge fund. The Fund has a strong focus on long term capital appreciation, targeting an absolute return in excess of cash. The Fund aims to provide returns with lower volatility and lower drawdowns than equities.

	Current NAV	1 month %	6 month %	1 year %	3 year %	Annualised since launch	Since launch %
CPF	R550m	(4.9%)	7.0%	18.2%	88.7%	26.2%	134.4%

MANAGER'S COMMENTS

February was a disappointing month, where the Fund lost 4.9% against the JSE All Share Index which returned 0.6%. Relative underperformance was largely driven by our positioning in the resource sector and insurers, as well as a few disappointments off the back of results. As a result of the recent drawdowns experienced we have reduced our exposures significantly and will only look to increase these again as the market moves more favourably towards how we are positioned. Whilst the book has on balance remained the same, we have taken this opportunity to exit several positions that are no longer appropriate given the volatility and risks. This includes relative positions in the diversified commodity space as well as short positions in the gold sector.

Our negative stance on local gold miners was the biggest contributor to losses in the month. The uncertainty in financial markets drove the price of gold higher, but the bigger factor in driving the gold stocks was the extreme level of Rand depreciation. While we retain our fundamentally negative view on these businesses, they are very sensitive to the Rand gold price in the shorter term and this has driven the stocks to rally.

The relative long position in Discovery against shorts in other South African Insurers also contributed negatively to the month. Discovery delivered results which disappointed investors owing to further costs associated with investment.

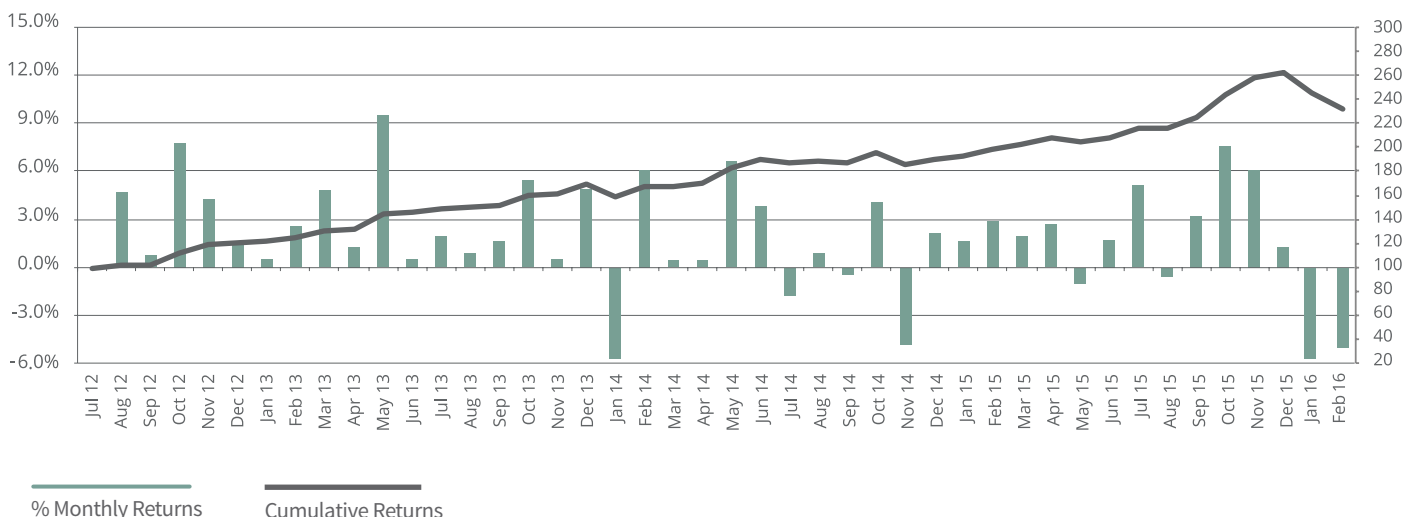
We believe management is executing against their strategy and that the additional spend is appropriate given the scale of the opportunities that present themselves. A similar theme played out in Woolworths which delivered results that showed significant investment into their Australian business. It appears that the market is no longer willing to reward longer term growth and rather favouring short term management decisions, which will ultimately prove to be an incorrect view.

A long in BHP Billiton was unable to protect us against a very aggressive rally in another diversified miner which was a short position. This relative position was taken off early during the month as we realised the relative risks were too great.

On the positive side of the book, strong performance was delivered off the back of results delivered by Steinhoff, Curro, Blue Label Telecoms and Mondi. All these businesses delivered the growth we expected from them and were accordingly rewarded for this.



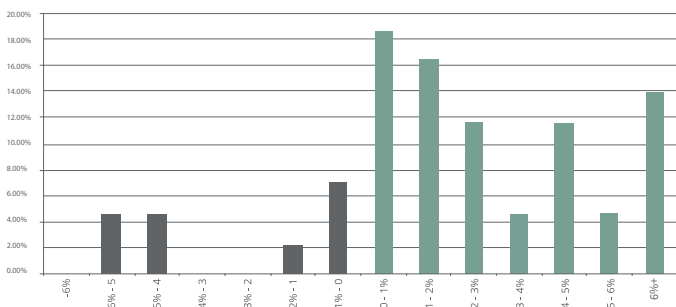
Historical Monthly Returns



CAPRICORN PERFORMER FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (R Million)	550m
Gross exposure	189%
Net Exposure	63%
% of positive months	81%
% of negative months	19%
Annualised monthly volatility (historic)	12.0%
Average positive monthly return	3.2%
Average negative monthly return	(3.1%)
Sharpe Ratio	1.7
Maximum monthly drawdown	(5.7%)
Maximum cumulative drawdown	(10.4%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012								4.7%	0.8%	7.8%	4.3%	1.4%	20.4%
2013	0.6%	2.5%	4.8%	1.3%	9.5%	0.6%	2.0%	0.9%	1.6%	5.5%	0.6%	5.0%	40.6%
2014	(5.7%)	6.2%	0.5%	0.5%	6.6%	3.9%	(1.7%)	0.9%	(0.4%)	4.1%	(4.8%)	2.2%	11.9%
2015	1.7%	2.9%	2.0%	2.7%	(0.9%)	1.8%	5.1%	(0.5%)	3.3%	7.6%	6.1%	1.3%	38.0%
2016	(5.7%)	(4.9%)											(10.4%)

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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