

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	230.8	-1.4%	-13.9%	3.7%	23.7%	10.6%	130.8%
Class B - EURO	226.9	-1.5%	-14.3%	3.2%	22.8%	10.3%	126.9%
Class C - GBP	224.7	-1.7%	-14.4%	2.9%	21.6%	10.2%	124.7%

Date: as at 30/06/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

AUM of the Capricorn GEM Strategy: \$334m. The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP (\$135m), Lyxor/Capricorn UCITS Fund (\$174m) and a managed account.

MANAGER'S COMMENTS



June performance saw the Fund give up 1.4% in a very tricky month. The most notable event was Britain's vote to leave the European Union which created significant volatility and uncertainty. The decision to leave has many real world implications, most of which are largely still trying to be understood. Of particular relevance to us was the impact on South African equities, many of which are directly tied to the UK by virtue of them making a series of acquisitions in recent years. The double effect of the potential change in operational conditions, as well as the translation effect of a weaker pound versus the rand, saw significant weakness in a number of our long term positions.

The biggest winners of the month were Raia Drogasil of Brazil up 6% and Double Dragon of the Philippines up 9.5% respectively. Closely behind were new entry Lojas Renner of Brazil up 12% and Matahari Department stores in Indonesia rallying 8.5%. Lojas Renner has completed a meaningful investment during the Brazilian crisis and the business is entering a period of accelerating returns. Matahari is now reaching fresh highs which we think are long overdue in this high quality operator, as Indonesian consumer conditions improve.

Rounding up the biggest gainers was Blue Label Telecoms in South Africa, which continued its impressive breakout this year.

The largest loser of the month was a short in the South African Telecommunications space. Other notable detractors from performance came from our longs in Brait and Steinhoff, both of which were materially affected by the BREXIT outcome. Outside of South Africa, shorts in the Indonesian and Brazilian consumption spaces detracted from performance. Also, our long position in Xurpas of the Philippines fell on the month as investors digest the recent placement of shares in the company.

Looking ahead the effect of June's series of events is that the US Federal Reserve is not imminently seen to be raising interest rates and the ECB and Bank of England are seen to be committing to further stimulus. The renewed stimulus offered by the developed world is continuing to fuel a rally in risk assets as the search for yield receives another boost.

For a detailed review of the first half of 2016 please refer to our H1 2016 investment newsletter.



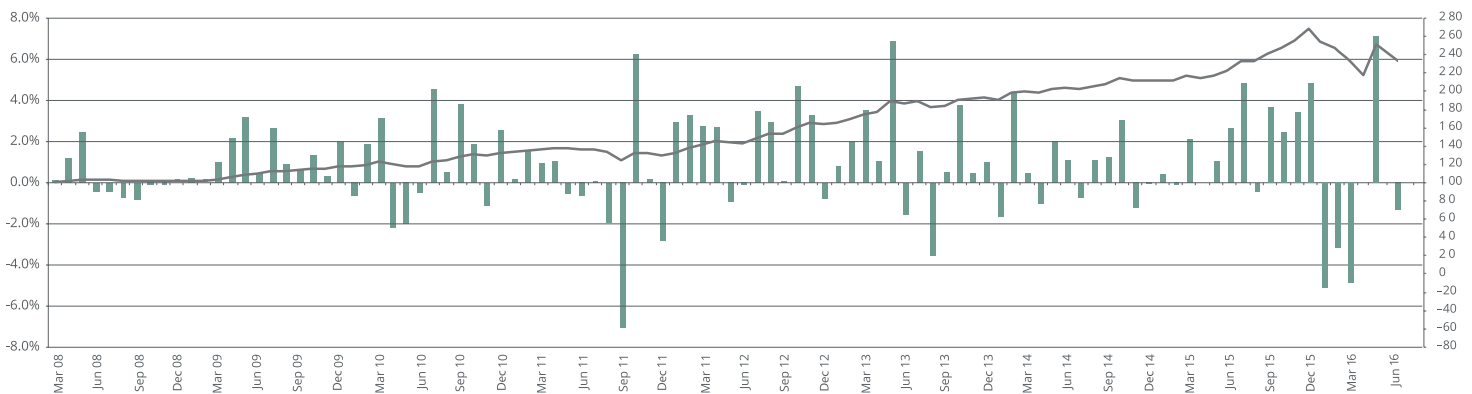
CAPRICORN GEM FUND CONTINUED



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%)	27.4%
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%)	(6.5%)	7.1%	(1.4%)							(13.9%)

Date: as at 30/06/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



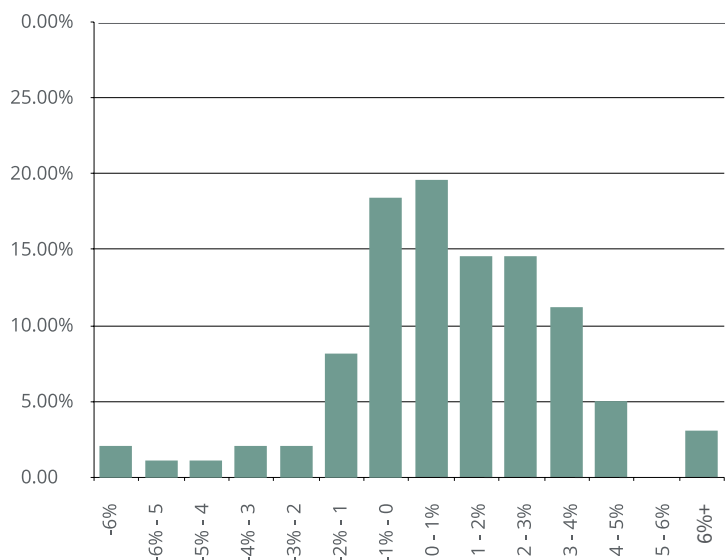
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	135m
Gross exposure	176%
Net Exposure	56%
% of positive months	66%
% of negative months	34%
Annualised monthly volatility (historic)	8.7%
Average positive monthly return	2.2%
Average negative monthly return	(1.6%)
Sharpe Ratio	1.2
Maximum monthly drawdown	(7.0%)
Maximum cumulative drawdown	(18.4%)

Exposure

Sector Exposure	Gross	Net
Financials	38%	10%
Consumer Discretionary	35%	31%
Consumer Staples	27%	6%
Industrials	23%	10%
Information Technology	18%	9%
Materials	13%	0%
Health Care	6%	6%
Energy	6%	-6%
Telecommunication Services	6%	-6%
Utilities	3%	-3%
Hedge	1%	-1%
Grand Total	176%	56%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	65%	10%
Asia Ex-China	50%	38%
South America	23%	13%
Middle East	11%	-2%
Europe	9%	1%
ROW	5%	-1%
China	4%	3%
Eastern Europe	3%	-3%
Russia	3%	-1%
North America	2%	-2%
Australia	1%	0%
Grand Total	176%	56%

All data:

Date: as at 30/06/2016 (net of fees).

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

CAPRICORN GEM FUND CONTINUED



Important Information

ALL DATA:

as at 30 June 2016 (net of fees) Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

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The representative in Switzerland is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland. The paying agent in Switzerland is Banque Cantonale de Genève (BCGE) 17 quai de l’Ile, 1204 Geneva, Switzerland. The Memorandum and the articles of association and annual financial statements of the Fund can be obtained free of charge from the representative in Switzerland. The place of performance and jurisdiction is the registered office of the representative in Switzerland with regards to the Participating Shares distributed in and from Switzerland.

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