

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	234.2	7.1%	-8.4%	8.1%	23.7%	10.9%	134.2%
Class B - EURO	230.3	7.1%	-9.1%	7.1%	22.7%	10.6%	130.3%
Class C - GBP	228.6	7.1%	-9.3%	7.1%	21.9%	10.5%	128.6%

Date: 31/05/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

AUM of the Capricorn GEM Strategy: (\$327m). The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP (\$146m) and Lyxor/Capricorn UCITS Fund (\$181m).

MANAGER'S COMMENTS



Following a poor start to the year the Fund rebounded strongly in May returning 7.1%. This was encouraging as this performance was achieved by reducing risk by taking down our gross exposures to 148% at the end of May (164% end of April); significantly lower than our historical averages. The performance was delivered on the back of the reversals in many of the key sectors and themes that hurt the Fund in the first four months of 2016.

The biggest winner in the month was long time portfolio stalwart Naspers, which picked itself up after a meagre start to the year. Tencent, a significant holding within Naspers, reported 1st quarter earnings which beat expectations and has seen the stock push to break new highs. Double Dragon of the Philippines continued its incredible year to date with performance rallying 38% in May. The pipeline for growth and increasingly knowledgeable

investor base has delivered multiplicative growth in this name and we took the opportunity to bank some profits during the month.

Other notable winners came from the short side, with shorts in the resources sector delivering meaningful performance, as well as a short in the Brazilian financial sector rounding up the top gainers. Detractors from the performance in May were few and logically stemmed from the long book, in a month where the Emerging Market index fell 3.5% in US dollar terms. Losers in the month included Ulker Biskuvi of Turkey, coming off all-time highs, and Vakrangee of India.

We continue to manage our gross exposures at these levels and are focusing on high conviction names. We still believe the resource rally is not sustainable but are not adding aggressively to our short book yet. We believe that post a period of correlation convergence, we are set for a period of dispersion in stocks, countries and sectors to return, which leads to substantial opportunities for our Fund.

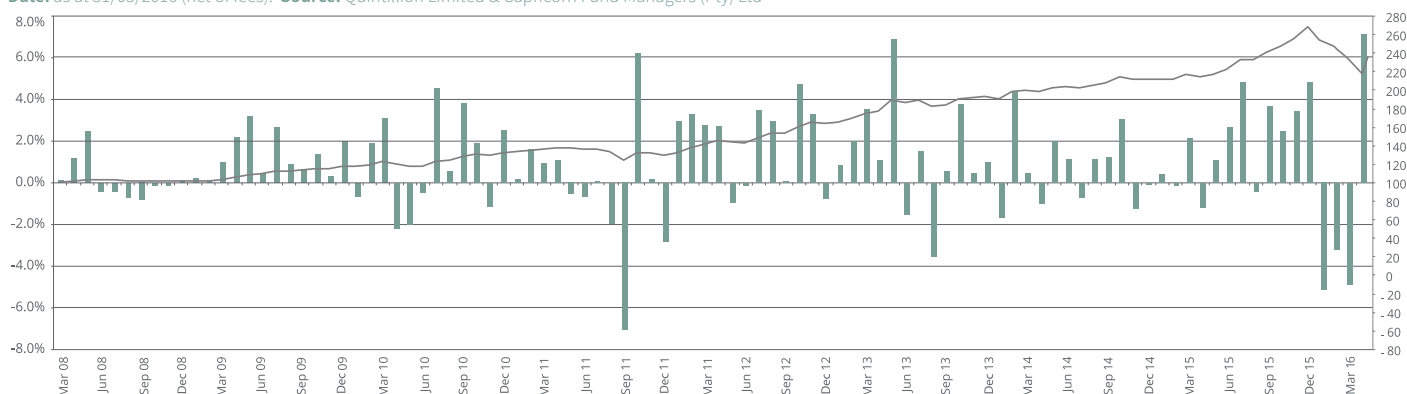
CAPRICORN GEM FUND CONTINUED



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%								(12.6%)

Date: as at 31/05/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



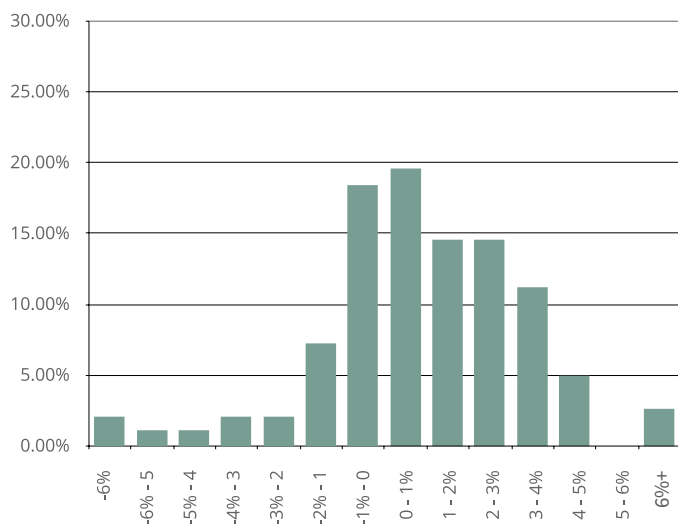
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	146m
Gross exposure	148%
Net Exposure	51%
% of positive months	67%
% of negative months	33%
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	33%	15%
Consumer Discretionary	28%	21%
Consumer Staples	25%	5%
Industrials	20%	9%
Information Technology	14%	8%
Materials	9%	0%
Health Care	6%	6%
Energy	5%	-5%
Telecommunication Services	5%	-5%
Utilities	2%	-2%
Hedge	1%	-1%
Grand Total	148%	51%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	62%	12%
Asia Ex-China	41%	30%
South America	15%	10%
Middle East	9%	0%
Europe	7%	1%
ROW	5%	0%
China	3%	3%
North America	2%	-2%
Russia	2%	-2%
Australia	1%	0%
Eastern Europe	1%	-1%
Grand Total	148%	51%

All data:

Date: as at 31/05/2016 (net of fees).

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

CAPRICORN GEM FUND CONTINUED



Important Information

ALL DATA:

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

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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

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