

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	217.4	(2.9%)	(0.6%)	(12.0%)	14.0%	9.4%	117.4%
Class B - EURO	211.9	(3.2%)	(1.4%)	(13.3%)	12.4%	9.0%	111.9%
Class C - GBP	209.8	(3.3%)	(1.7%)	(13.7%)	11.1%	8.9%	109.8%

Date: as at 31/10/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

AUM of the Capricorn GEM Strategy: \$291m. The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP (\$123m), Lyxor/Capricorn UCITS Fund (\$144m) and a managed account.

MANAGER'S COMMENTS



October marked the final stretch of a long US Presidential process and the beginning of the third quarter earnings reporting season for many of our portfolio holdings. It was a frustrating month as the fund gave up 2.9% due to a combination of pre-election concerns and some stock-specific weakness in our long book.

The biggest drag on the month was our core holding of Naspers, which fell 3% as it continued to lag its core holding, Tencent, valuing the remainder of the business at a firmly negative value. The second largest drag was Xurpas in the Philippines, which fell 19% as concern with the political situation under Duterte and his relationship with the US increased, as well as their lower reported earnings due to investment in building out their platform. Despite this set back we believe this investment still warrants a place in the portfolio with the position providing large potential future upside. Ulker Biskuvi of Turkey finally broke after a period of strength over concerns over impending results, falling 10%.

The largest gainer on the month was Curro Holdings, a tertiary education company in South Africa, which gained 12% on the month. South African shorts showed good gains on the month based on company-specific factors that we expect to persist. A core holding, AKR Corporindo of Indonesia rallied 9% and apparel retailer Lojas Renner added 8.5% to continue its rally despite reporting a weak third quarter set of results balanced by stronger forward guidance. Blue Label Telecom rounded out the top gainers with the stock continuing its run to add 8.5% in October.

Looking ahead it remains challenging to manage short term volatility in this market on a portfolio constructed for the longer term view, especially given the continuing breakdown in historic correlations and rising uncertainty in a series of key macro drivers. We see numerous opportunities in the type of classic, transformative, companies that we love to support. However, we are reducing overall exposures to account for a changing market environment as the markets look for new leadership.



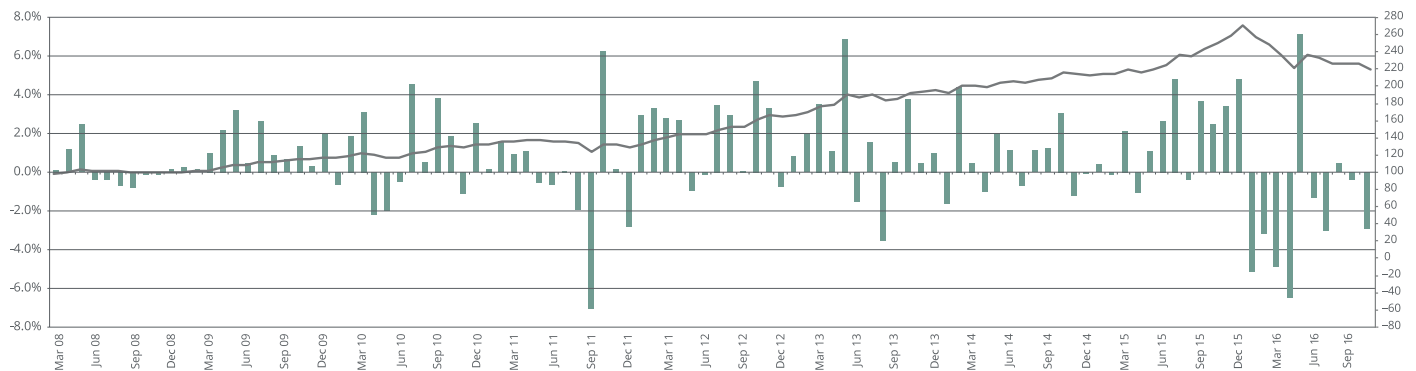
CAPRICORN GEM FUND CONTINUED



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%)	(3.1%)	0.4%	(0.4%)	(2.9%)			(18.9%)

Date: as at 31/10/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



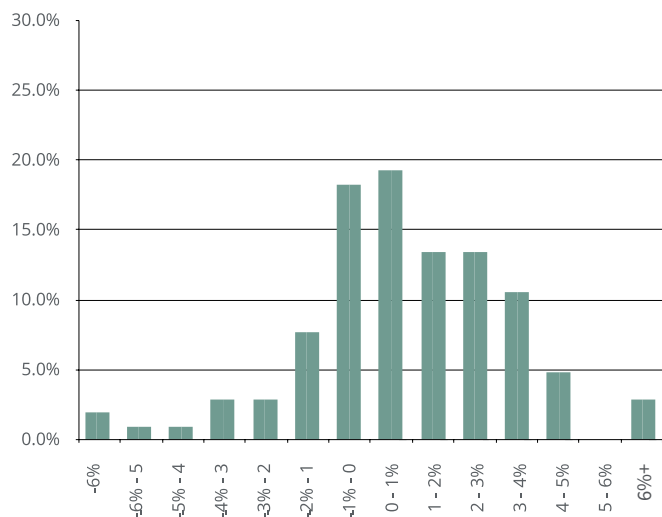
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	123m
Gross exposure	218%
Net Exposure	69%
% of positive months	64%
% of negative months	36%
Annualised monthly volatility (historic)	8.7%
Average positive monthly return	2.1%
Average negative monthly return	(1.7%)
Sharpe Ratio	1.1
Maximum monthly drawdown	(7.0%)
Maximum cumulative drawdown	(18.9%)

Exposure

Sector Exposure	Gross	Net
Financials	47%	7%
Consumer Discretionary	38%	35%
Consumer Staples	37%	12%
Industrials	29%	14%
Information Technology	22%	10%
Materials	19%	(1%)
Health Care	8%	8%
Energy	7%	(5%)
Telecommunication Services	5%	(5%)
Utilities	4%	(4%)
Hedge	2%	(2%)
Grand Total	218%	69%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	75%	20%
Asia Ex-China	62%	44%
South America	26%	12%
Middle East	17%	(4%)
Europe	10%	2%
Eastern Europe	7%	(7%)
ROW	6%	(1%)
Russia	5%	1%
North America	4%	(2%)
China	4%	3%
Australia	2%	1%
Grand Total	218%	69%

All data:

Date: as at 31/10/2016 (net of fees).

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

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Important Information

ALL DATA:

as at 31 October 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'Île, 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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