

CAPRICORN SANLAM COLLECTIVE INVESTMENTS
PERFORMER QUALIFIED HEDGE FUND



OBJECTIVE

The CAPRICORN SANLAM COLLECTIVE INVESTMENTS PERFORMER QUALIFIED HEDGE FUND is a Rand denominated South African long/short equity hedge fund. The Portfolio has a strong focus on long term capital appreciation, targeting an absolute return in excess of cash. The Portfolio aims to provide returns with lower volatility and lower drawdowns than equities.

Summary Statistics

| | Current NAV | 1 year Return (%) | 3 year annualised Return (%) | 3 year cumulative Return (%) | Annualised* return since inception (%) | Cumulative return since inception (%) |
|-----------------|-------------|-------------------|------------------------------|------------------------------|--|---------------------------------------|
| Fund | R479m | 2.5% | 15.1% | 52.5% | 22.4% | 131.9% |
| Benchmark (CPI) | N/A | 5.9% | 5.7% | 17.9% | 5.7% | 26.2% |

Date: 30/09/2016 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

*Annualised Return is calculated from the historical returns of the fund since inception and is the annual growth rate that gets you from the initial investment value to the ending investment value if you assume that the investment has been compounding annually over the time period.

MANAGER'S COMMENTS

August was the first month the fund traded as a regulated hedge fund. Prior to this, since its inception in 2012, it traded as an unregulated vehicle.

The fund ended the month down 1.4% in very difficult market conditions as the JSE All Share Index lost 0.94% for the month. The volatility in the market continued in September and was driven by significant movements in the rand as investors fluctuated from risk-on to risk-off positioning on any new, no matter how immaterial, macro-economic information.

Although we tried to have as neutral a stance as possible on the rand, many of our preferred quality growth companies remained those that started to expand into foreign markets while many of our short positions are companies that are reliant on the lackluster economic growth in South Africa. This made the portfolio very vulnerable to rand appreciation. We decided to hedge this inherent currency exposure with a put fence on the rand. This proved to be a very successful trade and the structure was our most profitable position for the month. Other profitable positions came from our short positions in South African food producers, where their reported results highlighted that the current valuation is very demanding relative to their very poor growth prospects. Additionally our long position in Capitec Bank continued to show resilient growth in earnings in the face of some very tough macro-economic conditions.

Losses were suffered in two of our core long positions, Steinhoff and Mediclinic. Steinhoff reported a mixed bag of results, missing consensus expectations on the earnings line but coming in line with consensus expectations operationally. This set of results combined with a subsequent rights-issue to finance their recent acquisitions caused the share to underperform. Mediclinic released a trading update that stated that the benefits from the acquisition of the Al Noor Hospital were going to be back-end loaded in this financial year. The market took this update very negatively and sold the stock down aggressively. We were protected to some degree from some of this sell off by a protection structure we entered on Mediclinic in June, but still suffered some losses. We still strongly believe in the investment cases of these two companies and that the issues faced by them are temporary in nature.

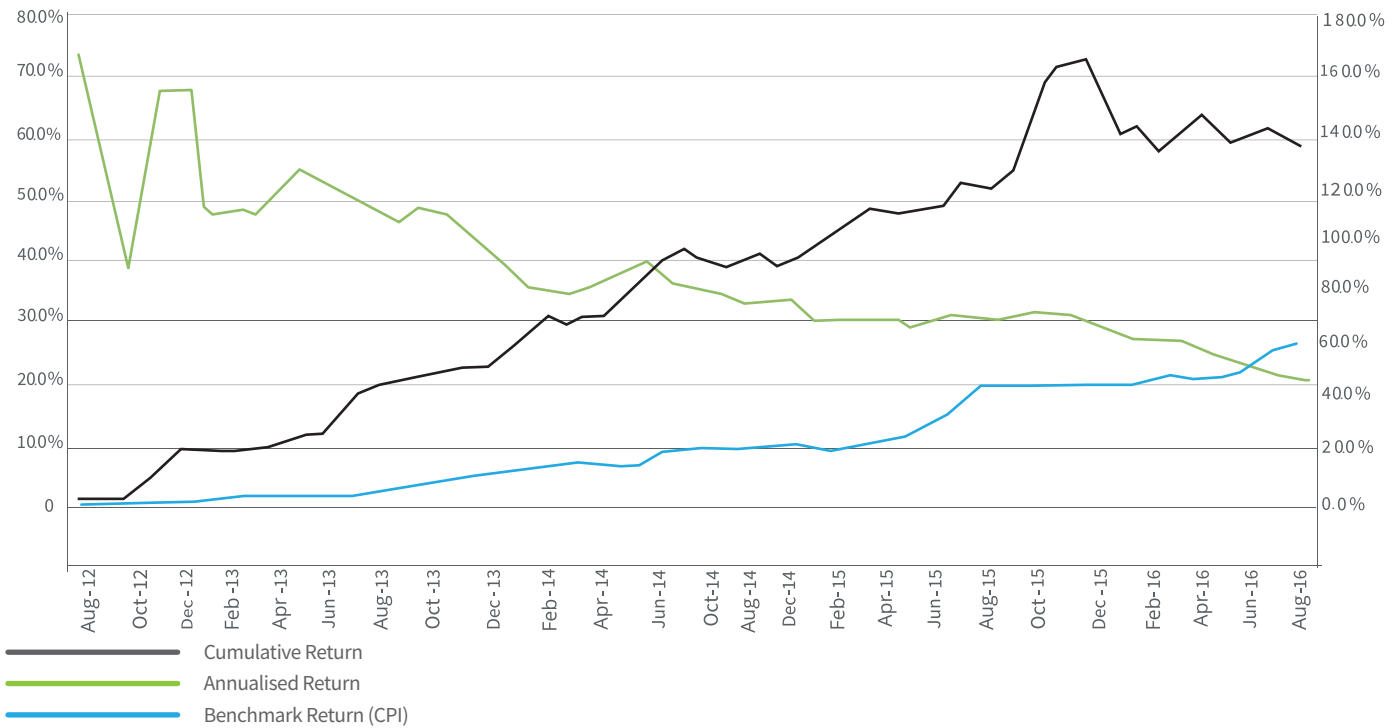
The aggressive movements in the market continue to present attractive opportunities. However, given that this volatile environment can remain with us for some time, we continue to manage our portfolio conservatively. We remain very optimistic about the medium to longer term prospects of the portfolio, but we first need to navigate through the short term volatility.



CAPRICORN SANLAM COLLECTIVE INVESTMENTS
PERFORMER QUALIFIED HEDGE FUND CONTINUED



Graphical Representation of Historical Monthly Returns



Date: 30/09/2016 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd
Important Information: Past performance is not necessarily a guide to future performance.

Historical Monthly Returns

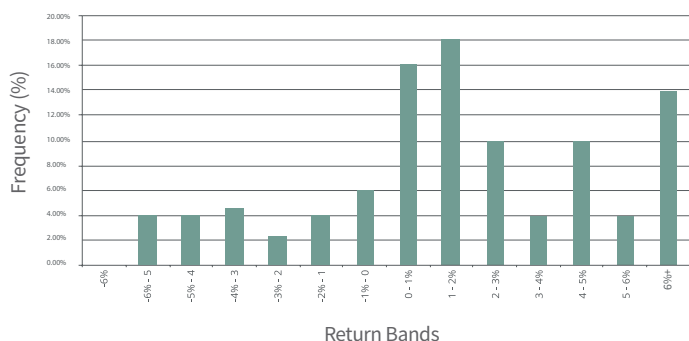
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | Benchmark YTD |
|------|--------|--------|------|--------|--------|--------|--------|--------|--------|------|--------|------|---------|---------------|
| 2012 | | | | | | | | 4.7% | 0.8% | 7.8% | 4.3% | 1.4% | 20.4% | 2.4% |
| 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% | 5.3% |
| 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% | 5.8% |
| 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% | 4.8% |
| 2016 | (5.7%) | (4.9%) | 1.9% | (3.3%) | 6.4% | (2.2%) | (3.3%) | 1.2% | (1.4%) | | | | (11.4%) | 5.6% |

Italicized returns are net returns for the previously unregulated fund
Date: 30/09/2016 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

CAPRICORN SANLAM COLLECTIVE INVESTMENTS
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Frequency Distribution of Monthly Returns since Inception



Date: 30/09/2016 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

Statistics

| | |
|--|------------|
| Assets Under Management (R Million) | 479m |
| Gross exposure | 198% |
| Net Exposure | 50% |
| % of positive months | 76% |
| % of negative months | 24% |
| Annualised monthly volatility (historic) | 12.2% |
| Average positive monthly return | 3.2% |
| Average negative monthly return | (2.9%) |
| Sharpe Ratio | 1.3 |
| Maximum monthly drawdown | (5.7%) |
| Maximum cumulative drawdown | (11.7%) |
| Launch Date (Regulated Fund) | 01/09/2016 |
| Inception Date | 01/08/2012 |

Important Information

Sanlam Collective Investments (RF) (Pty) Ltd registered and approved Manager in Collective Investment Schemes in Securities. Collective investment schemes are generally medium- to long-term investments. Past performance is not necessarily a guide to future performance, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager on request. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Performance is calculated for the portfolio and the individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. Performance fees are calculated at 20% above the benchmark performance (CPI). Sanlam Collective Investments retains full legal responsibility for this co-named portfolio. The portfolio management of the fund is outsourced to Capricorn Fund Managers, an authorised financial services provider in terms of the FAIS Act. The Manager has a right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. The information contained within this document has been prepared by Capricorn Fund Managers (Pty) Ltd and is unaudited. Returns as shown are the weighted average of all issued series. The Fund of the year Award was given in February 2016 and full details and basis of the award are available from the Manager.

CONTACT INFORMATION

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