

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	199.9	0.5%	8.7%	14.0%	46.2%	12.05%	99.9%
CLASS B - EURO	197.0	0.4%	8.3%	13.4%	44.2%	11.8%	97.0%
CLASS C - GBP	197.6	0.5%	8.6%	14.0%	44.7%	11.8%	97.6%

Date: as at 31/03/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd

MANAGER'S COMMENTS



March was a politically tumultuous period for the emerging world. We witnessed the formal annexation of the Crimea by the President of the Russian Federation, Vladimir Putin, as well as a victory of the Justice and Development Party (AKP) in Turkey on the last day of March. Both of these events provided opportunities;

- Russian equities fell under significant pressure which we used as an opportunity to buy back a number of long held short positions; and

- Turkish equities rallied strongly into the election into which we covered our long standing banks short.

We continue to remain negative on Russia as we believe that beyond the geopolitical landscape, which itself is far from clear, the economy faces severe headwinds and possible recession.

We believe that Turkey is heading into an environment where growth will be tempered by reduced consumption, relative to what we have seen in recent years and political tensions which will continue to shroud the economy as it undergoes the process of rebalancing. It is likely that Turkish consumer names are going to experience a period of underperformance, especially those that are dependent on discretionary larger ticket purchases as lending regulation starts to kick in.

We were encouraged by the breadth of our gains across many areas in March. We were pleased with the performance of our stocks in Brazil where our long in Raia Drogasil finally bore fruit and our short position in Vale delivered strongly. The rest of the book performed well with Woolworths, Brait, Shoprite and TAV Airports all recording big gains. The chief detractors from performance were our long favoured position in Naspers as well as shorts in the South African retail space. We are currently placing

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our stance on the South African consumer under review while we reassess a number of recent data points.

In Indonesia, Joko Widodo, the current governor of Jakarta, accepted an invitation to run as the presidential candidate for the PDIP, the democratic party. We believe this could be the catalyst for a long period of positive economic reforms in Indonesia, which we think will herald a bull market. As a result, moving into April, we have increased our exposure to Indonesia to a 10% net exposure in our portfolio.

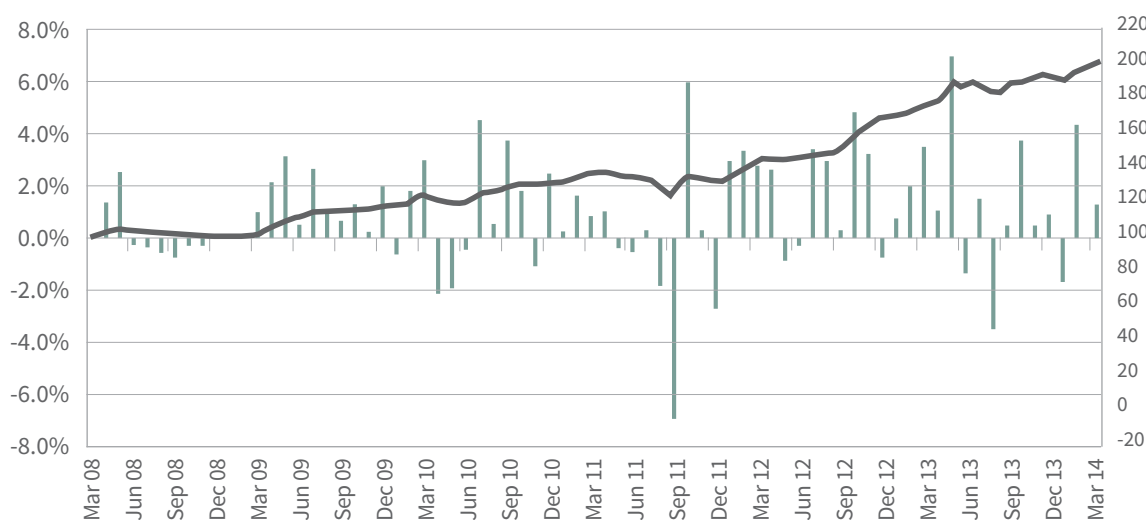
It is becoming increasingly apparent that the Chinese economy is slowing down as a number of key economic indicators showed further deceleration and industrial metal prices fell sharply as a result.

As a house we maintain our negative view on industrial commodities.

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%)	26.1%
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%										3.2%

Date: as at 31/01/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd



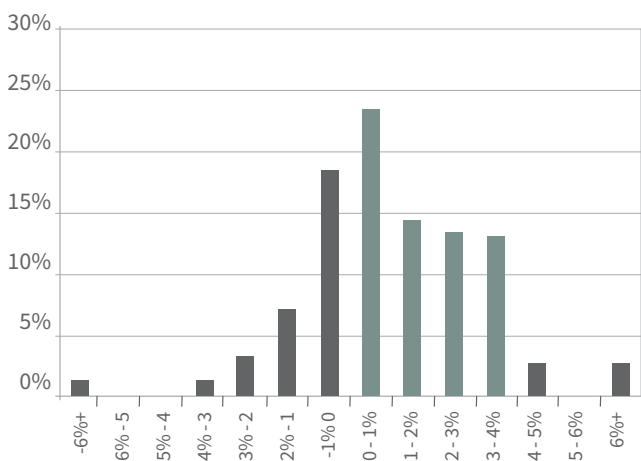
% Monthly Return

Cumulative Monthly Return

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Frequency distribution of Returns



Statistics

Assets Under Management (USD)	142m
Gross exposure	230%
Net Exposure	69%
% of positive months	70%
% of negative months	30%
Annualised monthly volatility (historic)	7.6%
Average positive monthly return	2.0%
Average negative monthly return	-1.3%
Sharpe Ratio	1.5
Maximum monthly drawdown	-7.0%
Maximum cumulative drawdown	-8.8%

Exposure

Sector Exposure	Gross	Net
Financials	44%	21%
Consumer Discretionary	43%	18%
Industrials	41%	22%
Materials	27%	-4%
Consumer Staples	26%	-3%
Healthcare	15%	15%
Telecommunications Services	11%	1%
Energy	9%	1%
Information Technology	8%	0%
Hedge	6%	-2%
Grand Total	230%	69%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	130%	27%
Europe	28%	11%
Asia Ex-China	21%	16%
Middle East	11%	4%
North America	11%	2%
Rest of World	10%	4%
South America	6%	4%
China	4%	2%
Russia	3%	-2%
Australia	3%	1%
Japan	3%	0%
Eastern Europe	0%	0%
Grand Total	230%	69%

Date: as at 31/03/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd

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Important Information

ALL DATA:

as at 31 March 2014 (net of fees) Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd

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