

CAPRICORN MARKET NEUTRAL FUND CAPRICORN FUND MANAGERS

OBJECTIVE

The Fund is a Rand denominated, low risk, market neutral hedge fund that employs multiple investment methodologies to construct a portfolio. It aims to deliver superior risk adjusted returns that are uncorrelated to the general market over any 12 month period by investing in JSE listed equity instruments.

	Current NAV	1 month %	6 month %	1 year %	3 year %	Annualised since launch	Since launch %
MNF	146m	-4.2%	4.2%	11.6%	33.2%	10.9%	128.4%

MANAGER'S COMMENTS



The worldwide equity bull market continued in March. The FTSE/JSE All Share index returned 1.8% for the month. The index return does however hide the extreme volatility that is currently being experienced by the underlying constituents. The Resource Index and Industrial Index finished the month flat and 1% up respectively, but the Financial Index outperformed significantly with a return of 6.4%.

The fund underperformed in the volatile conditions, losing 4.2% for the month. Losses were suffered predominantly from our short positions in the South African retail sector. The South African retail sector rallied strongly in the latter part of the month as investors started to believe that central bankers will keep the accommodative monetary policies in place for longer than expected. Losses were suffered from our long positions in Naspers driven by a selloff in global technological companies. Profits were

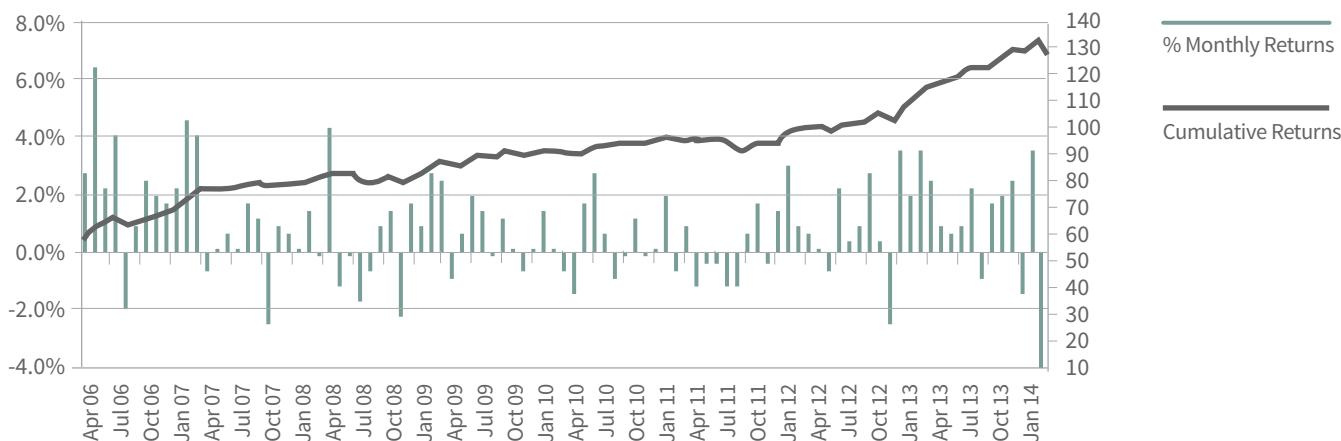
generated from long positions in select South African retailers and banks and short positions in iron ore exposed miners.

The market in March was dominated by capital flows. The movements in many companies, especially South African retailers, were in the absence of any new fundamental news flow. While the market has moved against us, we believe that it is futile to chase capital flows. We remain of the opinion that the South African consumer will remain under pressure for the remainder of the year with food inflation set to rise towards the back end and the South African Reserve Bank still in a tightening monetary cycle. We re-evaluate our current book on a continuous basis, but remain resolute in our conviction to only adjust our holdings once new fundamental information comes to light.

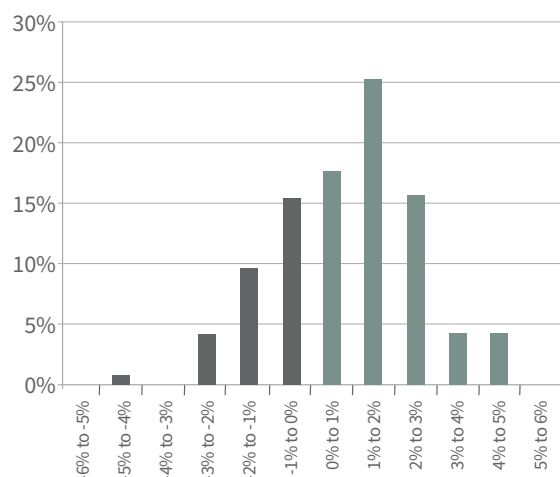
CAPRICORN MARKET NEUTRAL FUND CONTINUED



Historical Monthly Returns



Histogram of Returns



Statistics

Assets Under Management (R Million)	146m
Gross exposure	214%
Net Exposure	9%
% of positive months	69%
% of negative months	31%
Annualised monthly volatility (historic)	6.4%
Average positive monthly return	1.8%
Average negative monthly return	-1.2%
Sharpe Ratio	0.6
Maximum monthly drawdown	-4.2%
Maximum cumulative drawdown	-5.9%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006				2.9%	6.7%	2.4%	4.2%	(2.1%)	1.0%	2.6%	2.1%	1.8%	23.6%
2007	2.3%	4.8%	4.3%	(0.9%)	0.1%	0.8%	0.3%	1.8%	1.2%	(2.5%)	1.1%	0.7%	14.5%
2008	0.0%	1.4%	(0.3%)	4.6%	(1.4%)	(0.3%)	(2.0%)	(0.6%)	1.1%	1.5%	(2.4%)	1.8%	3.4%
2009	1.1%	2.8%	2.6%	(1.1%)	0.9%	2.0%	1.5%	(0.3%)	1.4%	0.2%	(0.8%)	0.0%	10.7%
2010	1.7%	0.1%	(0.9%)	0.0%	(1.7%)	1.8%	3.0%	0.8%	(1.0%)	(0.3%)	1.2%	(0.3%)	4.4%
2011	0.3%	2.1%	(0.9%)	1.2%	(1.3%)	(0.4%)	(0.6%)	(1.3%)	(1.3%)	0.8%	1.7%	(0.5%)	(0.4%)
2012	1.2%	3.2%	1.1%	0.9%	0.1%	(0.6%)	2.3%	0.3%	1.2%	2.8%	0.4%	(2.6%)	10.5%
2013	3.8%	2.2%	3.8%	2.8%	1.0%	0.8%	1.0%	2.4%	(1.0%)	1.9%	2.0%	2.8%	25.8%
2014	-1.8%	3.7%	-4.2%										-2.4%

Notes: Italicized performance numbers are actual returns earned while the "fund" managed internal money. Returns during this period have been adjusted to account for a notional management fee of 1.5% per annum and a performance fee of 20% of all profits earned in excess of the overnight cash return, while taking account of a high-water mark. No adjustment has been made for third party administration cost prior to February 2010 when the independent administrator was appointed.

CAPRICORN MARKET NEUTRAL FUND CONTINUED



Important Information

Past performance is no guarantee of future returns - values can go up and down. The information contained above has been prepared by Capricorn Fund Managers (Pty) Limited and is unaudited. Returns as shown are the weighted average of all issued series.

CONTACT INFORMATION

Investment Manager

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@capricornsa.com

Licensed by the Financial Services Board
License number: 863