

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	232.5	(0.4%)	9.5%	13.3%	51.9%	11.9%	132.5%
Class B - EURO	229.2	(0.4%)	10.0%	13.3%	50.7%	11.7%	129.2%
Class C - GBP	227.6	(0.3%)	8.6%	12.2%	50.1%	11.6%	127.6%

Date: as at 28/08/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

AUM of the Capricorn GEM Strategy: \$240m. The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP and Lyxor/Capricorn UCITS Fund.

MANAGER'S COMMENTS



August marked the highest outperformance of the GEMS Strategy relative to the emerging market indices in the 7 year history of the Fund (-0.4% vs MSCI Emerging Markets index -7.3% (ytd -13.3%)). A large part of this was due to the strong performance of our core short positions. Several significant events created huge volatility across the Emerging Market landscape. It appeared that markets were most concerned about the ramifications of the unpegging and subsequent devaluation of the Chinese Renminbi to the US Dollar. However aside from this historical unpegging and the rout in many of the currencies it is the political malaise that is becoming increasingly noticeable in many of our markets that we believe poses further risk.

Anecdotally on many of our roadshows and press functions over the last 6 months we mentioned our new short which was in the Turkish steel space. The position was borne out of the long held view that the steel markets were dismantling in many places with the anomalous factor in this particular company being its all-time high stock price due to a particular unsustainable nuance of the Turkish steel market where steel prices lagged raw material price declines for a period of time. During this time the stock was treated as if these margins

would endure. We moved significantly short into the rising stock environment and were looking for this nuance to play out. The stock is down 15-20% from its aforementioned highs.

On a more global basis, our bearish view on steel is with the Fundamental belief that anyone who competes with the Chinese at a basic level in select sectors will suffer extreme pressure on an ongoing basis. We believe that some of these companies which had relied on unsustainable tailwinds have the capacity to cease operating in the next 5-7 years.

On those same roadshows we mentioned our bullish view on Coca Cola Icecek being a strong beneficiary of the weaker commodity cycle. It turns out that the headwinds from weaker FX and a deterioration in their international businesses were more substantive in nature than the boon from lower commodities. We maintain that there will be an acceleration of volumes into the 2nd half of the year and continue to hold the position although it is reduced in size.

Another drag on performance came from Aspen Pharmacare. We have reduced our position down from 5% down to 3% based on the belief that this company should continue to be a core holding. We will look to increase our holding depending on results and placements of stock which have thus far weighed on the performance.

On the long side Blue Label Telecoms, headquartered in South Africa, has expanded internationally to Mexico and India. It is driven by an entrepreneurial management team and we believe they are entering a supernormal profit cycle which has been substantiated by recent results that drove performance in August.

CAPRICORN GEM FUND CONTINUED



We have had difficulty obtaining borrow for our short ideas in South East Asia however due to a new source we have managed to secure borrow allowing us to build up some significant positions. This resulted in one of the top performers in August being a short position in an Indonesian poultry company, which fell over 30% in the month. We have closed out that position taking a 60% profit.

On a more philosophical basis August was a month where from a portfolio level we tried to limit the downside due to difficult conditions in emerging markets. Preserving capital in this environment came down to recognition that markets were under stress and maintaining discipline with regards to de-risking the portfolio resulting in a leaner book. This has manifested itself in us running the lowest Gross and Net exposures for a considerable period and it is our intention to continue in this vein through September.

We will be looking to capitalise on unfair discounting of best of breed names as redemptions hit markets and fear takes hold. We believe we are in an Emerging Market crisis of which the root cause is open for debate; many cite the growth scare and devaluation of China. We see this to be structural in nature with the economies struggling the most having the largest structural problems within their economies and an inability to reform.

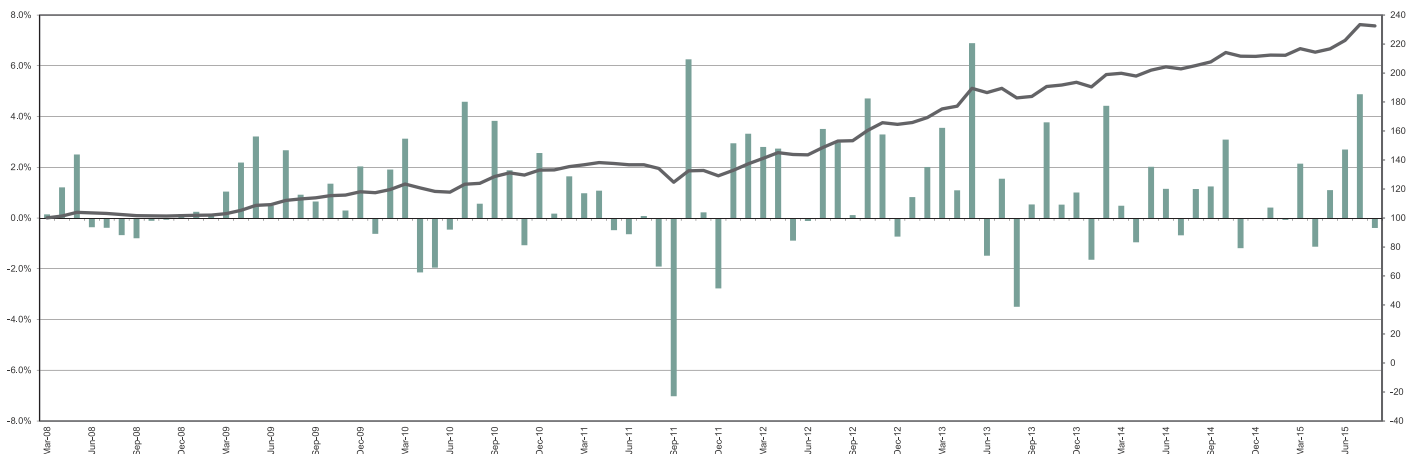
These structural cycles can take many years to turn around and usually require either changes in government and certainly economic reform to drive the next phase. Unfortunately these changes in emerging markets are rarely smooth and usually mean political and economic volatility before opportunities emerge.

As we have pointed out regularly some countries are on the correct path already whilst others show no indication of progression. This dislocation naturally creates opportunities for our long/short strategy.

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%	(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)%					9.9%

Date: as at 28/08/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



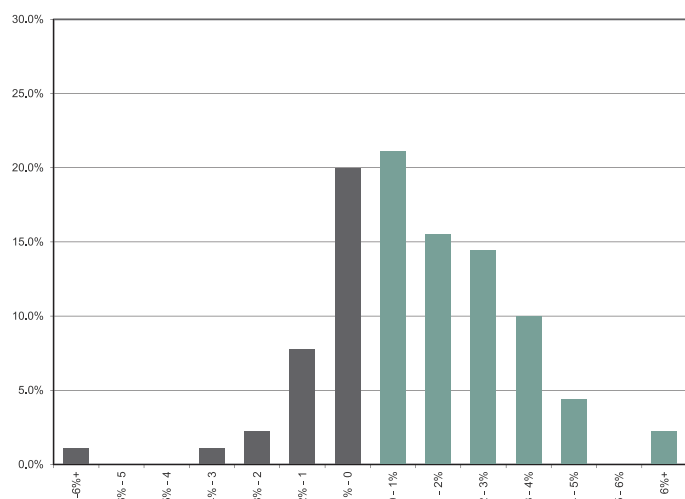
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	162m
Gross exposure	210%
Net Exposure	53%
% of positive months	69%
% of negative months	31%
Annualised monthly volatility (historic)	7.4%
Average positive monthly return	2.0%
Average negative monthly return	(1.2%)
Sharpe Ratio	1.6
Maximum monthly drawdown	(7.0%)
Maximum cumulative drawdown	(8.8%)

Exposure

Sector Exposure	Gross	Net
Consumer Discretionary	41%	28%
Financials	39%	14%
Consumer Staples	29%	8%
Industrials	27%	12%
Materials	22%	(6%)
Health Care	16%	14%
Information Technology	15%	0%
Hedge	9%	(5%)
Energy	7%	(7%)
Telecommunication Services	3%	(3%)
Utilities	2%	(2%)
Grand Total	210%	53%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	100%	16%
Asia Ex-China	28%	25%
Europe	19%	9%
Middle East	16%	1%
South America	14%	2%
ROW	9%	1%
China	7%	6%
North America	5%	(3%)
Australia	4%	2%
Russia	4%	(3%)
Eastern Europe	3%	(3%)
Japan	1%	0%
Grand Total	210%	53%

All data:

Date: as at 28/08/2015 (net of fees).

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

CAPRICORN GEM FUND CONTINUED



Important Information

ALL DATA:

as at 28 August 2015 (net of fees) Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

Important Notice: This document is prepared by Capricorn Capital Partners (UK) Ltd ("CCPU") authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom. The investment products and services of CCPU are only available to persons who are professional clients and eligible counterparties as defined in FCA's rules. They are not available to retail clients.

This document is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. The fund referred to in this document is a Cayman Limited Partnership and has not been registered under the securities laws, or authorized or approved by any regulatory authority, of any other jurisdiction. The fund is an unregulated collective investment scheme for the purposes of the Financial Services and Markets Act 2000. UK Investors should be aware that the fund is not covered by the Financial Services Compensation Scheme.

In particular, this document is not intended for distribution in the United States or for the account of U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act")) except to persons who are "qualified purchasers" (as defined in the United States Investment Company Act of 1940, as amended (the "Companies Act")) and "accredited investors" (as defined in Rule 501(a) under the Securities Act).

This document is provided for information purposes only and should not be regarded as an offer to buy or a solicitation of an offer to buy shares in the funds managed by CCPU (the "Funds"). Investment in the Funds managed by CCPU carries significant risk of loss of capital and investors should carefully review the terms of the Funds' offering documents for details of these risks. The prospectuses of the Funds are the only authorised documents for offering of shares of the Funds and may only be distributed in accordance with the laws and regulations of each appropriate jurisdiction in which any potential investor resides. Nothing described herein is intended to imply that an investment in the Funds is "safe", "conservative", "risk free" or "risk averse". This document does not consider the specific investment objective, financial situation or particular needs of any investor and an investment in the Funds is not suitable for all investors. Investors are reminded that past performance should not be seen as an indication of future performance and that they might not get back the amount that they originally invested. The price of shares can go up as well as down and can be affected by changes in the rates of exchange.

Performance information for the month of the document is net of all fees and expenses, the performance data disclosed is not audited. Comparison to the index where shown is for information only and should not be interpreted to mean that there is a correlation between the portfolio and the index.

The views expressed in this document are the views of CCPU at time of publication and may change over time. Nothing in this document constitutes investment, legal tax or other advice nor is it to be relied upon in making an investment decision. No recommendation is made positive or otherwise regarding individual securities mentioned herein. CCPU does not provide investment advice to clients for the purposes of the FCA's rules. No guarantee is made as to the accuracy of the information provided which has been obtained from sources believed to be reliable. The information contained in this document is strictly confidential and is intended only for use of the person to whom CCPU has provided the material. No part of this document may be divulged to any other person, distributed, and/or reproduced without the prior written permission of CCPU.

CONTACT INFORMATION

Investment Manager

Capricorn Capital Partners UK Ltd
 Malta House
 36-38 Piccadilly
 London
 W1J ODP
 United Kingdom

For enquiries please contact**Jonty Champion**

T: +44 207 317 4411

E: jchampion@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

Licensed by the Financial Services Board

License number: 863