

# 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 %
<b>CLASS A - USD</b>	198.9	4.4%	8.8%	19.9%	49.3%	12.1%	98.9%
<b>CLASS B - EURO</b>	196.2	4.4%	8.4%	17.0%	45.0%	11.9%	96.2%
<b>CLASS C - GBP</b>	196.7	4.4%	8.6%	17.4%	45.7%	11.9%	96.7%

Date: as at 28/02/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd

## MANAGER'S COMMENTS



After the global “risk off” environment of January there was a return to calm in February with many Emerging Markets posting strong gains. Our portfolio was well positioned to benefit from this rally and returned 4.4% for the month.

In previous factsheets we have expressed our strong conviction in SA listed Reinet Holdings. We exploited its recent weakness to increase our position to over 5% of the portfolio and were

rewarded in February with an 18% gain on the month. Naspers once again on the back of the strong performance in its investment, Tencent, continued to perform.

We believe that both the Philippines and Indonesia offer us exceptional opportunities and will increasingly form a more important focus in the portfolio. In February we saw performance from two recent additions in the Philippines, D & L Industries and Robinsons Retail Holdings, as well as Kalbe Farma, our core holding in Indonesia. After following Malaysia for a year we opened our first position in an internet payment services company.

In our view the emerging market consumer, especially in Turkey and South Africa, is going to continue to face pressures with both inflation and interest rates challenged by upside pressures. Consequently we consider that we have not seen the end of the dislocation of this trade and accordingly are holding our positions for now.

Our Russian book once again performed strongly as some of our significant shorts continued to fall in price. An escalation in tensions between Russia and the Ukraine after the conclusion of the Winter Olympics in Sochi can facilitate an environment

# CAPRICORN GEM FUND CONTINUED



conducive to strong outperformance in our Russia book. Irrespective of the geopolitical events, our negative view on Russia as communicated to investors over a sustained period of time remains intact.

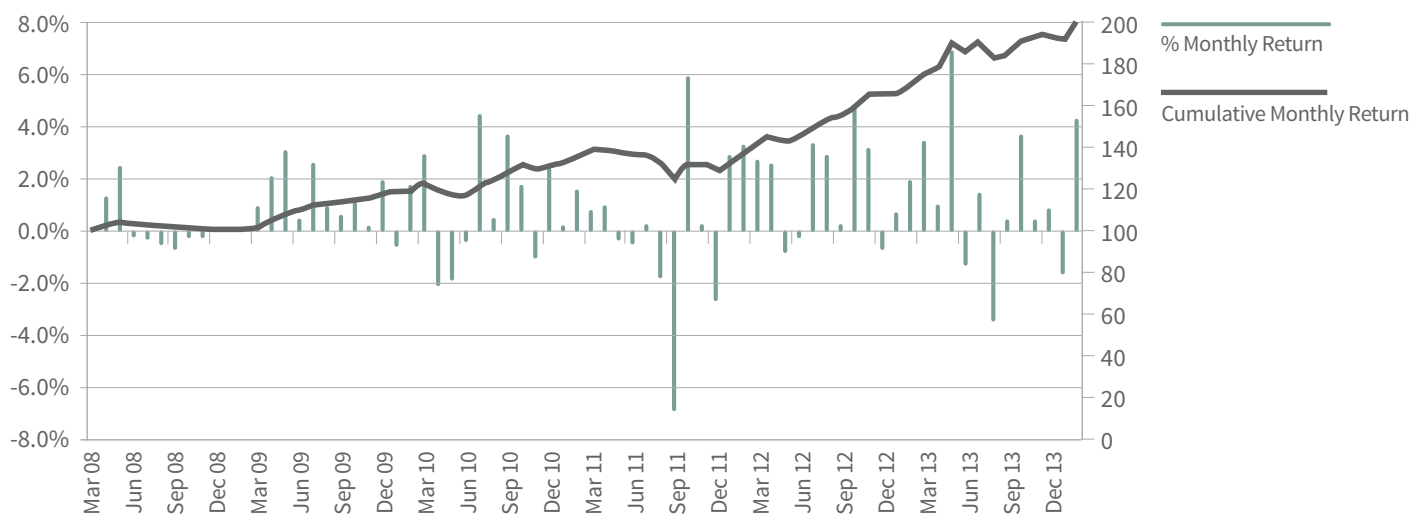
Our resources book has been biased in favour of diversified miners and although we lost money in our short positions in the South African gold stocks we continue to believe that gold, whilst due a relief rally, will resume its bear market trend. We will therefore continue to hold these positions and look for opportunities to increase them where appropriate.

March is a very interesting month as it marks the expiration of many futures contracts which we believe will offer some excellent trading opportunities which we will look to exploit. We also approach the start of election season in many of our core markets, beginning with local elections in Turkey taking place at the end of March. We eagerly await the results which should provide more visibility and restore confidence in shaken markets.

## 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%	<b>1.6%</b>
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%	<b>16.3%</b>
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%	<b>12.6%</b>
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%)	<b>(2.9%)</b>
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%)	<b>26.1%</b>
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%	<b>17.7%</b>
2014	-1.6%	4.4%											<b>2.7%</b>

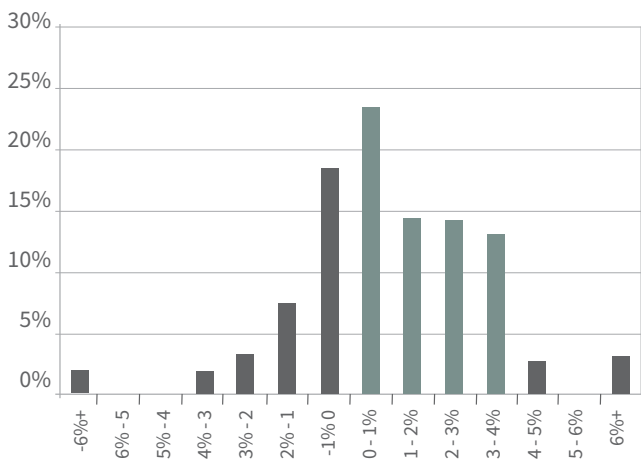
Date: as at 28/02/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd



# CAPRICORN GEM FUND CONTINUED



## Frequency distribution of Returns



## Statistics

Assets Under Management (USD)	141m
Gross exposure	223%
Net Exposure	67%
% of positive months	69%
% of negative months	31%
Annualised monthly volatility (historic)	7.7%
Average positive monthly return	2.0%
Average negative monthly return	-1.3%
Sharpe Ratio	1.46
Maximum monthly drawdown	-7.0%
Maximum cumulative drawdown	-9.8%

## Exposure

Sector Exposure	Gross	Net
Financials	43%	16%
Consumer Discretionary	41%	23%
Industrials	37%	17%
Materials	31%	0%
Consumer Staples	25%	1%
Healthcare	13%	13%
Telecommunications Services	13%	1%
Energy	8%	1%
Information Technology	5%	1%
Hedge	7%	-6%
<b>Grand Total</b>	<b>223%</b>	<b>67%</b>

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	124%	25%
Europe	28%	15%
Asia Ex-China	17%	13%
North America	12%	3%
Middle East	13%	4%
Rest of World	8%	3%
South America	5%	4%
Russia	5%	-3%
China	5%	2%
Japan	2%	0%
Australia	3%	1%
Eastern Europe	1%	0%
<b>Grand Total</b>	<b>223%</b>	<b>67%</b>

Date: as at 28/02/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd

## CAPRICORN GEM FUND CONTINUED



## Important Information

---

**ALL DATA:**

as at 28 February 2014 (net of fees) Source: BNY Mellon Investment Servicing (International) 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 nor does it carry on any other activities with or for clients that constitute "MiFID or equivalent third country business" 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: [jcampion@capricorncapital.com](mailto:jcampion@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@capricornsa.com](mailto:andrewc@capricornsa.com)

Licensed by the Financial Services Board

License number: 863