

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	212.3	(0.1%)	3.4%	6.7%	54.5%	11.3%	112.3%
CLASS B - EURO	208.4	(0.1%)	3.1%	6.2%	52.2%	11.1%	108.4%
CLASS C - GBP	209.5	(0.1%)	3.3%	6.5%	53.2%	11.1%	109.5%

Date: as at 28/02/2015(net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

MANAGER'S COMMENTS

February saw the much anticipated countercyclical rally in the emerging market space corresponding to a squeeze in our well held multi-year shorts. In this environment our key objective is to preserve capital. We firmly believe that this correction will falter and that our long book will reassert its dominance via sustained long term outperformance.

Emerging markets on the whole rebounded from a period of high volatility and suppressed performance in the past few months. The US Federal Reserve outlook came back to the fore as interest rate cycles garnered greater attention. This manifested itself in some significant moves in the currency markets as the dollar surged particularly against the euro and then sharply against emerging market currencies creating higher volatility. On the back of this we reduced net exposure.

Strong performance was derived from our South African listed, European furniture retailer, Steinhoff, that rallied over 12% in the month. Results for the year have just been announced and the company's management demonstrated that they continue to deliver on their promised strategy. Other notable positive performance in the month was delivered by our short book in the commodity space notably Turkish steels and SA gold stocks. One of our newer positions in Indonesia, Matahari department stores, contributed strongly over the month. Negative performance came from our positions in the Russian market which rallied strongly in February. We believe this to be nothing more than a bear market rally and have used the opportunity to significantly increase some of our long held high conviction shorts in the commodity space.

For the time being we remain cautious. The markets are reacting in anticipation of the US Federal Reserve move to increase interest rates and there are widely differing views of its impact. We believe that the resulting divergence within the emerging markets universe will offer us unparalleled opportunities for alpha as some countries (South Africa, Turkey, Russia, Brazil) continue to grapple with the necessary rebalancing in their economies whereas others (Indonesia, Philippines, India, Mexico) take proactive steps to secure their futures in these volatile times. Investors should expect to see our exposure levels come down in the weeks ahead as we reduce risk. This will be more on the net side than the gross as the relative opportunities are larger than ever.

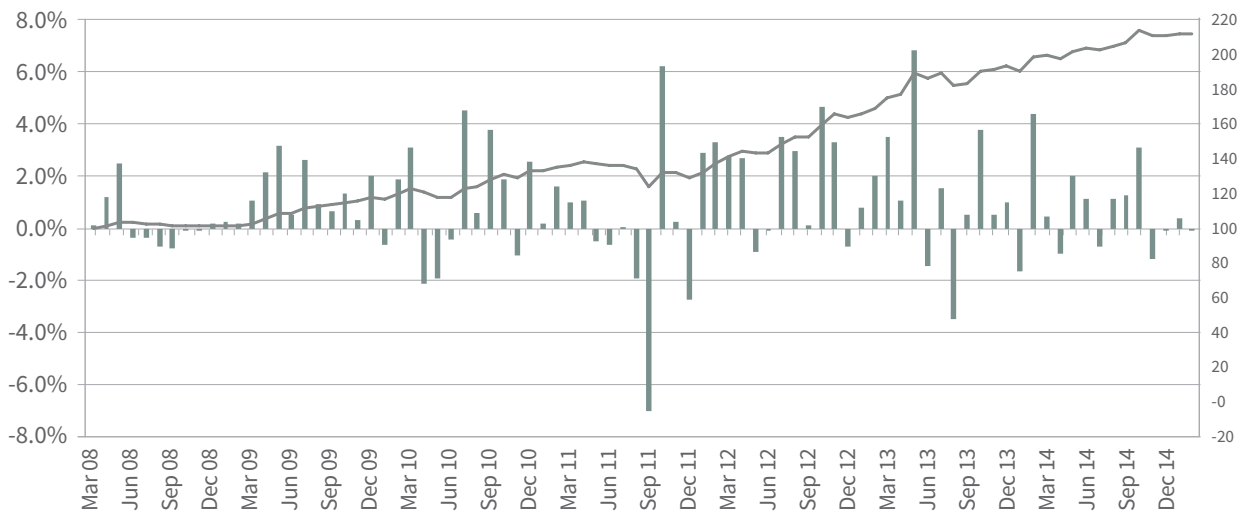
CAPRICORN GEM FUND CONTINUED



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%)											0.3%

Date: as at 28/02/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



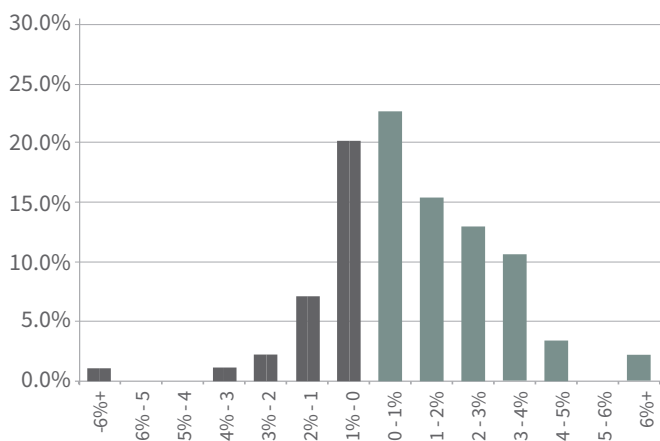
% Monthly Return

Cumulative Monthly Return

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Frequency distribution of Returns



Statistics

Assets Under Management (USD)	155m
Gross exposure	231%
Net Exposure	60%
% of positive months	68%
% of negative months	32%
Annualised monthly volatility (historic)	7.4%
Average positive monthly return	1.9%
Average negative monthly return	(1.2%)
Sharpe Ratio	1.4
Maximum monthly drawdown	(7.0%)
Maximum cumulative drawdown	(8.8%)

Exposure

Sector Exposure	Gross	Net
Consumer Discretionary	50%	37%
Financials	43%	11%
Consumer Staples	30%	10%
Industrials	30%	14%
Materials	23%	(10%)
Healthcare	18%	14%
Information Technology	12%	1%
Telecommunications Services	11%	(4%)
Energy	8%	(8%)
Hedge	5%	(4%)
Utilities	1%	(1%)
Grand Total	231%	60%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	110%	7%
Asia Ex-China	26%	23%
Middle East	22%	6%
Europe	22%	12%
South America	13%	7%
Rest of World	11%	(1%)
China	7%	7%
North America	7%	0%
Russia	6%	(3%)
Australia	5%	3%
Eastern Europe	2%	(1%)
Grand Total	231%	60%

Date: as at 28/02/2015 (net of fees). **Source:** Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

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Important Information

ALL DATA:

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

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