

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	233.4	4.9%	9.9%	15.1%	57.0%	12.1%	133.4%
Class B - EURO	230.1	4.7%	10.3%	15.1%	55.6%	11.9%	130.1%
Class C - GBP	228.3	4.5%	8.8%	13.9%	55.0%	11.8%	128.3%

Date: as at 31/07/2015 (net of fees). **Source:** Quintillion Limited & Capricorn Fund Managers (Pty) Ltd
 AUM of the Capricorn GEM Strategy: \$230m. The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP and Lyxor/Capricorn UCITS Fund.

MANAGER'S COMMENTS



The GEMS Fund returned 4.9% for the month of July, substantially adding to the gains from a solid first half of the year. This performance was all the more rewarding considering the broad based weakness in emerging markets driven by collapsing commodity prices and the approaching US interest rate inflection point.

Performance was fairly broad based although the short book dominated with a multitude of mining shorts contributing to performance. These were led by gold, steel and coal names as well as a substantial contribution from a long held US listed short position in the pigment/chemicals space. On the long side, three long held names, Brait, Reinet and DNL Industries led performance. These are all examples of Capricorn's premium placed on optionality and this month they added significantly to performance.

Detractors were few this month, led by our largest holding, Naspers as it unwound some of its previous gains and took a breather this month. Turkish longs also detracted from performance this month.

Looking ahead we are still cautious on EM as a whole but continue to believe that divergence in countries, sectors and companies will create substantial opportunities for us as we have illustrated this year. We remain constructive on India, Indonesia, the Philippines and Mexico and negative on South Africa, Brazil, Turkey and Russia. After much research into Indian names, we have added a new name to our book in Apollo Hospitals, which adds to our emerging markets healthcare theme through its class leading hospitals and pharmacies. Our negative view on commodities remains as we believe the unwind of the previous decade's supercycle continues. We have reduced net exposure and continue poised to add names we like when we are ready to commit additional risk.



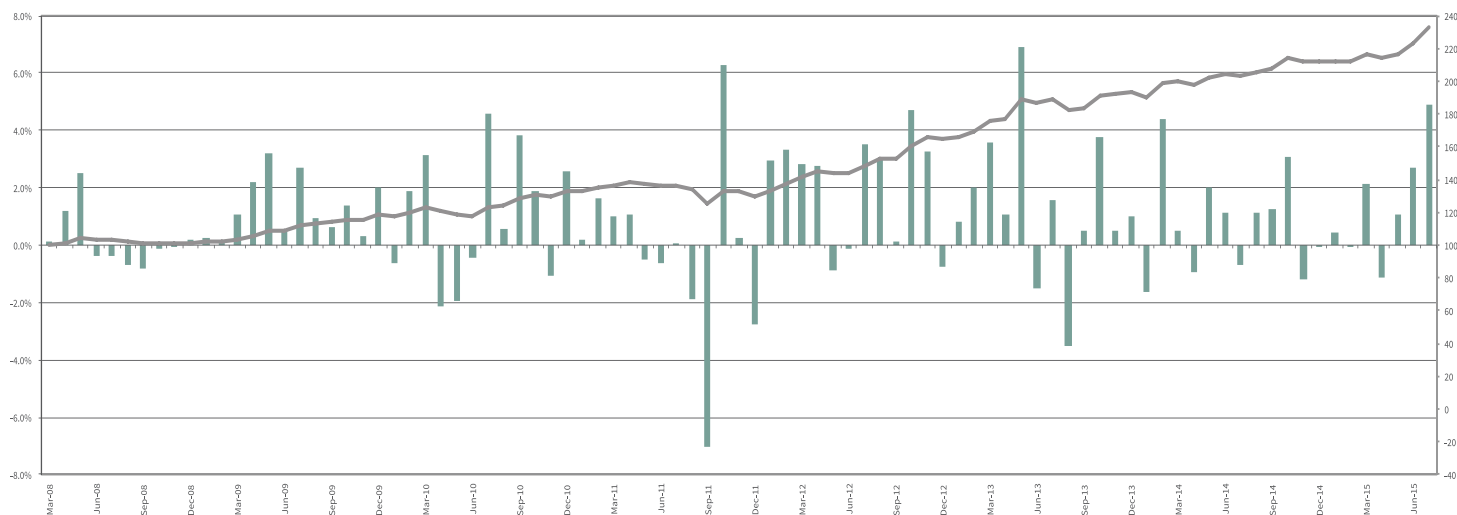
CAPRICORN GEM FUND CONTINUED



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%)	2.1%	(1.1%)	1.1%	2.7%	4.9%						10.4%

Date: as at 31/07/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



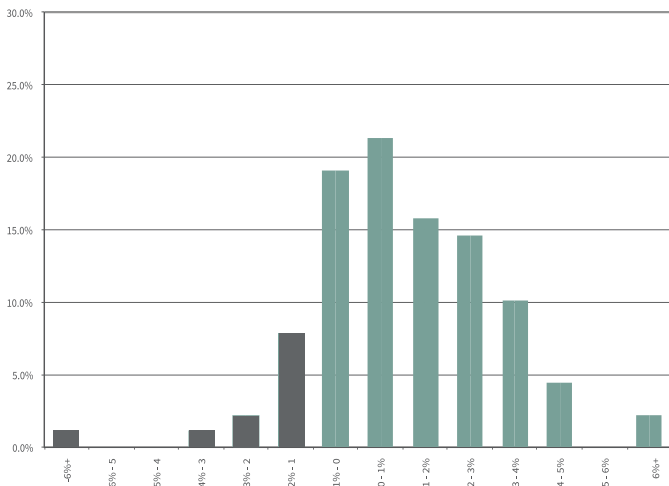
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	164m
Gross exposure	222%
Net Exposure	50%
% of positive months	70%
% of negative months	30%
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
Financials	42%	14%
Consumer Discretionary	40%	26%
Consumer Staples	30%	9%
Industrials	27%	13%
Materials	27%	(10%)
Health Care	16%	15%
Information Technology	14%	2%
Hedge	11%	(4%)
Energy	7%	(7%)
Telecommunication Services	5%	(5%)
Utilities	3%	(3%)
Grand Total	222%	50%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	103%	11%
Asia Ex-China	31%	27%
Middle East	21%	(5%)
Europe	19%	10%
South America	16%	5%
ROW	9%	1%
China	6%	6%
Russia	5%	(2%)
North America	4%	(2%)
Australia	4%	2%
Eastern Europe	3%	(3%)
Japan	1%	0%
Grand Total	222%	50%

All data:

Date: as at 31/07/2015 (net of fees).

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

CAPRICORN GEM FUND CONTINUED



Important Information

ALL DATA:

as at 31 July 2015 (net of fees) Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

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