

# 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>	204.3	1.1%	5.5%	9.5%	49.5%	11.9%	104.3%
<b>CLASS B - EURO</b>	201.5	1.1%	5.3%	9.0%	47.5%	11.7%	101.5%
<b>CLASS C - GBP</b>	202.0	1.1%	5.4%	9.3%	48.0%	11.7%	102.0%

Date: as at 30/06/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd

## MANAGER'S COMMENTS



The fund had a pleasing month and returned 1.1% for the month to close a solid first half of 2014 with a total net gain of 5.5%. This compares favourably to the MSCI EM Index which showed gains for the month and YTD of 2.2% and 4.8% respectively

Our chosen core company SM Investments in the Philippines has traded very well of late. Capricorn's view has been reaffirmed that this stock was significantly undervalued and we have topped up our position which has been rewarded. We continue to see some promising upside potential here.

Kalbe Farma, our best in class Indonesian healthcare stock, was up 4.1% for the month. This counter showed persistent strength printing all-time highs. We look forward to further positive momentum playing out in that company.

In South Africa we see positive performance from Brait, up 18% for the month. This frequently mentioned investment holding company with its principle exposure to cash retailer Pep Stores has exceeded expectations.

Previously we took advantage of the big dislocation in Russian markets by buying back the majority of our shorts in the market. However we still have some residual shorts in the book and we have been negatively affected by the bounce that occurred this month. We will monitor these positions in the face of a rising oil price.

We feel our core market of South Africa is entrenching its structural problems and we are concerned that it is facing its first genuine challenges on policy since its emergence from isolation in 1994. Consequently we are shifting positions to accommodate that view. We will continue to migrate our portfolio to where we believe the best opportunities lie in the emerging world.

Please refer to our attached investor letter for a detailed review of the first half of 2014 and our outlook.

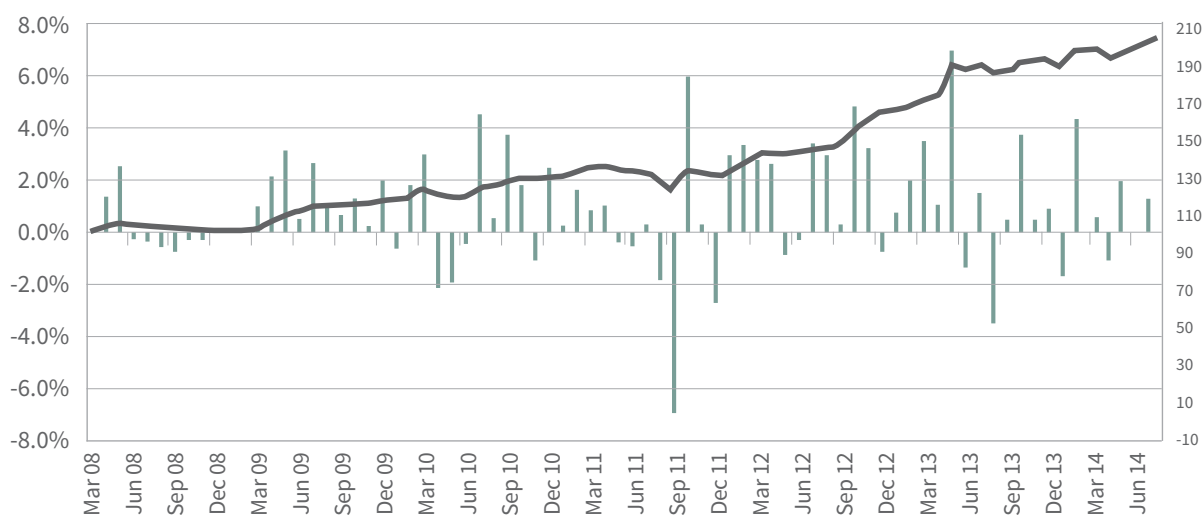
# CAPRICORN GEM FUND CONTINUED



## 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%	<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%	0.5%	(1.0%)	2.0%	1.1%							<b>5.5%</b>

Date: as at 30/06/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd



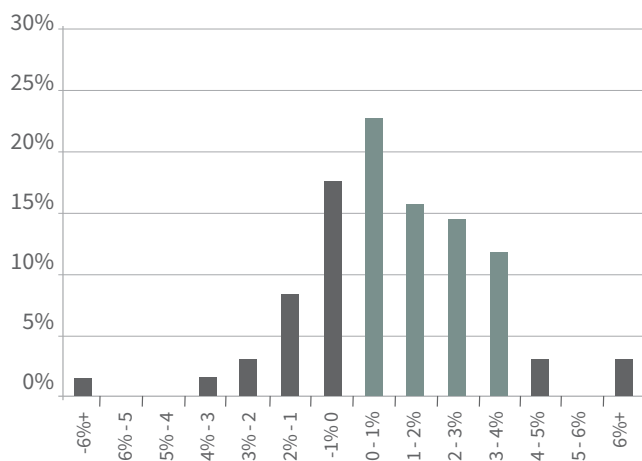
% Monthly Return

Cumulative Monthly Return

# CAPRICORN GEM FUND CONTINUED



## Frequency distribution of Returns



## Statistics

Assets Under Management (USD)	160m
Gross exposure	235%
Net Exposure	66%
% of positive months	70%
% of negative months	30%
Annualised monthly volatility (historic)	7.6%
Average positive monthly return	2.0%
Average negative monthly return	(1.3%)
Sharpe Ratio	1.4
Maximum monthly drawdown	(7.0%)
Maximum cumulative drawdown	(8.8%)

## Exposure

Sector Exposure	Gross	Net
Consumer Discretionary	47%	19%
Consumer Staples	22%	(6%)
Energy	11%	0%
Financials	49%	18%
Healthcare	17%	17%
Hedge	3%	(3%)
Industrials	42%	25%
Information Technology	6%	(3%)
Materials	28%	(1%)
Telecommunications Services	10%	0%
<b>Grand Total</b>	<b>235%</b>	<b>66%</b>

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	122%	15%
Europe	29%	18%
Asia Ex-China	20%	16%
Middle East	18%	7%
Rest of World	10%	(1%)
North America	8%	0%
China	8%	8%
Australia	8%	4%
South America	5%	2%
Russia	5%	(3%)
Japan	2%	0%
Eastern Europe	0%	0%
<b>Grand Total</b>	<b>235%</b>	<b>66%</b>

Date: as at 30/06/2014 (net of fees). Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd

## CAPRICORN GEM FUND CONTINUED



## Important Information

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**ALL DATA:**

as at 30 June 2014 (net of fees) Source: BNY Mellon Investment Servicing (International) Limited & Capricorn Fund Managers (Pty) Ltd

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