

# 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>	222.6	2.7%	5.2%	9.0%	55.0%	11.5%	122.6%
<b>Class B - EURO</b>	219.9	2.4%	5.6%	9.1%	54.0%	11.3%	119.9%
<b>Class C - GBP</b>	218.5	2.4%	4.5%	8.2%	53.5%	11.2%	118.5%

Date: as at 30/06/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd  
 AUM of the Capricorn GEM Strategy: \$220m. The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP and Lyxor/Capricorn UCITS Fund.

## MANAGER'S COMMENTS



June was a tumultuous month in world markets with heightened volatility surrounding the hysteria of the impending Greek bailout plans or potential exit from the Eurozone following their lack of debt payment. Turkey saw elections where President Erdogan's AKP lost their majority in Parliament which has interesting ramifications on the country going forward whilst they try to form a coalition. Amongst the weak backdrop with emerging markets reporting negative performance, the Fund delivered 2.7% for the month.

Much of the upside was provided by the long book with a geographically diverse spread of top performers. Our long favoured position in the largest drugstore chain in Brazil, and by extension Latin America, Raia Drogasil, rallied over 10% in June cementing heavy gains already in the year as the company delivers record earnings. Brait continued to deliver 17% in June as further optionality is unlocked from deal making and deployment of capital. This stock represents the perfect example of an emerging market business

buying developed market assets, a trend we have continually highlighted to investors. In the Philippines, Xurpas Inc., our new digital platform stock rallied 14% in June providing meaningful upside and we are very excited about the future prospects of this company having recently met the founder and management.

Whilst not amongst the top performers, on an aggregated basis, the performance of the short book deserves note across the board. Significant gains were recorded particularly in the mining space.

We are continuing to build on last month's performance in India showing good upside in June and are increasingly constructive on the opportunities available in the region.

Detractors from performance were predominantly led by weakness in South African longs. Within this subset, long exposure to South African mining underperformed. The decision to underweight South Africa over the last 18 months has been a boon for investors. Weakness was also observed in Indonesian healthcare. We have also recently down weighted our multi-year trade in luxury as a proxy for the emerging market consumer on the belief that the super normal cycle of these companies is normalising.

Looking ahead we are currently manoeuvring the portfolio and reducing exposures into what we perceive to be a period of heightened market risks. Once again we remind investors that capital preservation is at the heart of our investment philosophy as we look to navigate the bumpy road ahead whilst continuing to extract alpha.



# 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%	(0.7%)	1.1%	1.2%	3.1%	(1.2%)	(0.0%)	<b>9.2%</b>
2015	0.4%	(0.1%)	2.1%	(1.1%)	1.1%	2.7%							<b>5.2%</b>

Date: as at 30/06/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



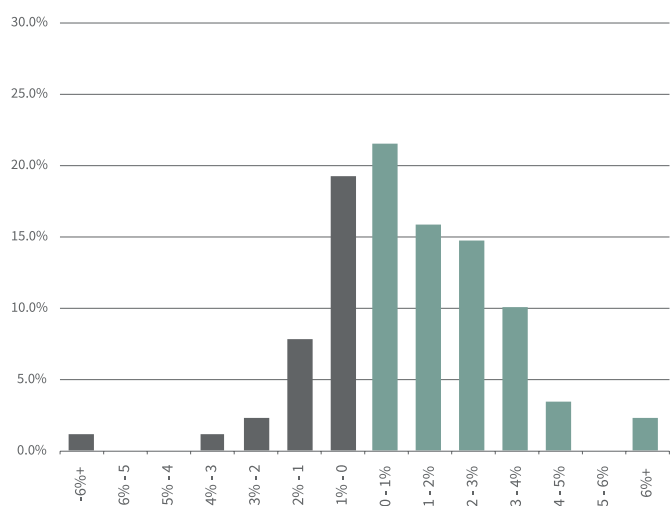
% Monthly Return

Cumulative Monthly Return

# CAPRICORN GEM FUND CONTINUED



## Frequency distribution of Returns



## Statistics

Assets Under Management (USD)	160m
Gross exposure	235%
Net Exposure	60%
% of positive months	69%
% of negative months	31%
Annualised monthly volatility (historic)	7.3%
Average positive monthly return	1.9%
Average negative monthly return	(1.2%)
Sharpe Ratio	1.5
Maximum monthly drawdown	(7.0%)
Maximum cumulative drawdown	(8.8%)

## Exposure

Sector Exposure	Gross	Net
Financials	41%	16%
Consumer Discretionary	43%	29%
Consumer Staples	35%	14%
Materials	32%	(12%)
Industrials	27%	11%
Health Care	18%	16%
Information Technology	13%	2%
Hedge	10%	(2%)
Telecommunication Services	8%	(6%)
Energy	7%	(7%)
Utilities	1%	(1%)
<b>Grand Total</b>	<b>235%</b>	<b>60%</b>

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	112%	12%
Asia Ex-China	31%	28%
Middle East	22%	(2%)
Europe	20%	10%
South America	16%	10%
ROW	11%	0%
Russia	5%	(3%)
China	6%	6%
North America	5%	(2%)
Australia	4%	3%
Eastern Europe	2%	(2%)
Japan	1%	0%
<b>Grand Total</b>	<b>235%</b>	<b>60%</b>

Date: as at 30/06/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

## CAPRICORN GEM FUND CONTINUED



## Important Information

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**ALL DATA:**

as at 30 June 2015 (net of fees) Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

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