

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	216.7	1.1%	2.4%	7.3%	50.7%	11.2%	116.7%
Class B - EURO	214.7	2.1%	3.0%	7.7%	50.2%	11.1%	114.7%
Class C - GBP	213.4	0.9%	2.0%	6.8%	49.8%	11.0%	113.4%

Date: as at 31/05/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

MANAGER'S COMMENTS



Despite the continued sell off in the emerging market universe the GEM Fund returned 1.1% for the month of May. At the time of writing, many of the emerging markets in local currency, but more distressingly in US dollar terms, are selling off into the double digits.

May saw a structural shift in the emerging market space with commodity dependent countries, which had previously benefitted from the counter-cyclical rally, unwinding their previous gains. It was therefore a time for our short book to deliver. Performance came from core shorts in the mining sector and our Russian oil and gas positions - we continue to maintain our bearish stance on the Russian economy. It is also our view that the commodity trade has the potential to test its 2009 lows which may continue to cause significant turbulence in emerging markets. To protect

the portfolio we are building positions to accommodate this view by adding to our shorts, whilst remaining mindful of the rising volatility and have therefore reduced both our Gross & Net exposure accordingly.

Performance on the month outside of the alpha generated in our short book most notably came from Brait of South Africa which rallied 18% for the month - this followed the acquisition announcement of Virgin Health Clubs and the promise of further deployment of capital from the sale of Pepkor.

We are also delighted to report our entrance into the Indian market as we have mentioned ahead of time for the past 12 months in investor meetings. Although 2015 sees India down 8% for the year in US dollars, we recorded a small gain for the month on our Indian positions and continue to see excellent opportunities.

In light of the increased volatility and market caution, we would like to remind our investors of our history and mind set of capital preservation. We are at a point in markets where we believe this to be our primary objective whilst market consensus is reached on the macro events unfolding, namely Federal Reserve monetary policy and Greek relations with the Eurozone.

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%								2.4%

Date: as at 31/05/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



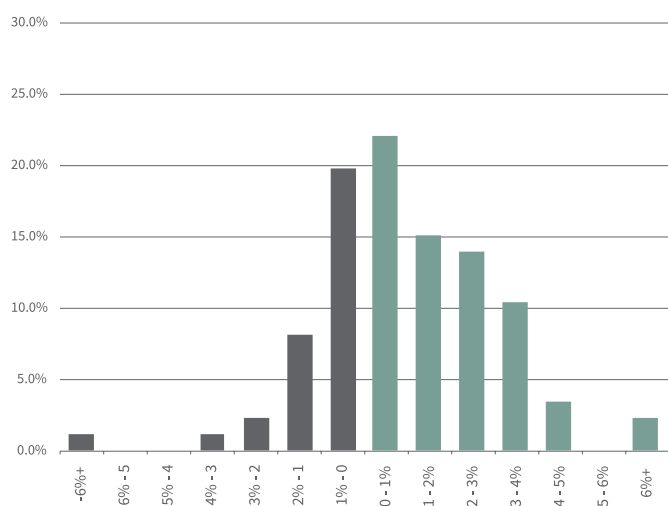
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	151m
Gross exposure	219%
Net Exposure	54%
% of positive months	68%
% of negative months	32%
Annualised monthly volatility (historic)	7.3%
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
Financials	40%	11%
Consumer Discretionary	39%	30%
Consumer Staples	34%	16%
Materials	26%	(9%)
Industrials	25%	10%
Health Care	16%	15%
Information Technology	12%	1%
Hedge	9%	(3%)
Telecommunication Services	9%	(8%)
Energy	8%	(8%)
Utilities	1%	(1%)
Grand Total	219%	54%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	100%	13%
Asia Ex-China	30%	27%
Middle East	23%	(3%)
Europe	20%	8%
South America	12%	8%
ROW	11%	(1%)
Russia	6%	(3%)
China	6%	6%
North America	4%	(2%)
Australia	4%	3%
Eastern Europe	2%	(2%)
Japan	1%	0%
Grand Total	219%	54%

Date: as at 31/05/2015 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

CAPRICORN GEM FUND CONTINUED



Important Information

ALL DATA:

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

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