

CAPRICORN MARKET NEUTRAL FUND



OBJECTIVE

The Fund is a Rand denominated, low risk, market neutral hedge fund that employs multiple investment methodologies to construct a portfolio. It aims to deliver superior risk adjusted returns that are uncorrelated to the general market over any 12 month period by investing in JSE listed equity instruments.

	Current NAV	1 month %	6 month %	1 year %	3 year %	Annualised since launch	Since launch %
MNF	142m	-1.6%	0.6%	6.9%	29.6%	10.5%	124.8%

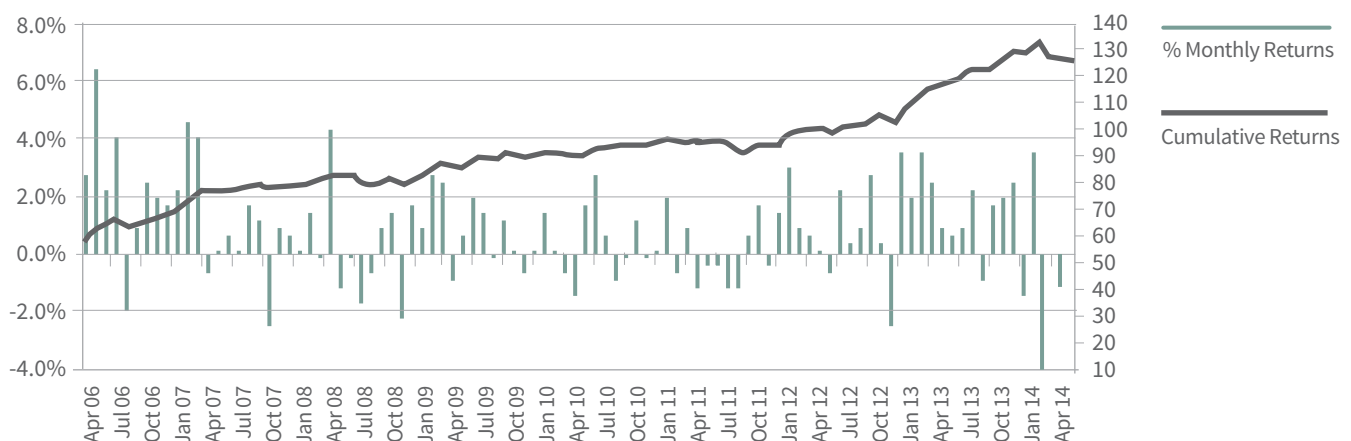
MANAGER'S COMMENTS

The liquidity fuelled bull market continued in April. The FTSE/JSE All Share Index returned 2.65% for the month. All the constituent indices performed strongly with the Financial and Resource Indices returning 3.8% and the Industrial index returning 1.3%. The true outperformers for the month were again the domestic South African companies. This strong rally that started in the middle of February has now pushed some of these companies by more than 30% without any new fundamental information.

April proved to be a difficult start of the second quarter for the Capricorn Market Neutral Fund. The fund suffered a loss of 1.6% for the month. The greatest losses were suffered in our long position in Naspers and our short positions in domestic consumer credit providers and credit retailers. Naspers continued to suffer due to the pull back in the hyped up technology sector in the United States. We remain of the opinion that Naspers (and its investment in Tencent) provides a very different value proposition to many of the companies it is being compared to. We are aware that

Naspers may be very volatile during the short to medium term, but it remains one of our highest conviction holdings. The strong rally in the domestic credit retailers and credit providers came of the back of downward adjustments to the South African inflation and interest rate expectations. We believe that the prices of these companies have overshot, especially given that the structural headwinds that these companies are facing in South Africa have not subsided. We were pleased with the performance of some of our core long positions that are to benefit from the economic recovery in Europe and United Kingdom. We continue to believe that the economic recovery in these regions is on course and that our holdings will continue to benefit from these tailwinds. Looking forward we believe that volatility will likely increase in this environment. We are continuously looking to structure our portfolio to benefit from the impending volatility and to take the opportunities presented when share prices behave irrationally to only adjust our holdings once new fundamental information comes to light.

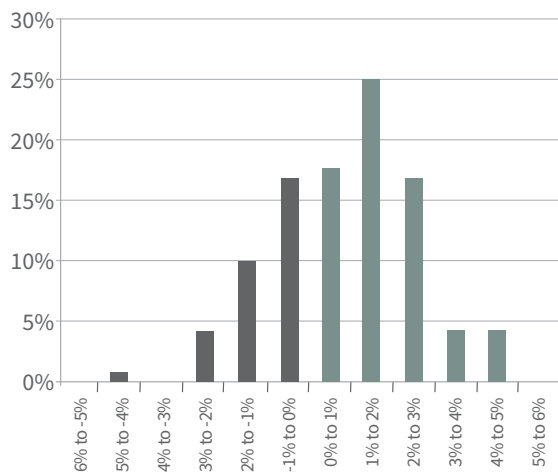
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	142m
Gross exposure	191%
Net Exposure	3%
% of positive months	68%
% of negative months	32%
Annualised monthly volatility (historic)	6.4%
Average positive monthly return	1.8%
Average negative monthly return	-1.2%
Sharpe Ratio	0.5
Maximum monthly drawdown	-4.2%
Maximum cumulative drawdown	-5.9%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006				2.9%	6.7%	2.4%	4.2%	(2.1%)	1.0%	2.6%	2.1%	1.8%	23.6%
2007	2.3%	4.8%	4.3%	(0.9%)	0.1%	0.8%	0.3%	1.8%	1.2%	(2.5%)	1.1%	0.7%	14.5%
2008	0.0%	1.4%	(0.3%)	4.6%	(1.4%)	(0.3%)	(2.0%)	(0.6%)	1.1%	1.5%	(2.4%)	1.8%	3.4%
2009	1.1%	2.8%	2.6%	(1.1%)	0.9%	2.0%	1.5%	(0.3%)	1.4%	0.2%	(0.8%)	0.0%	10.7%
2010	1.7%	0.1%	(0.9%)	0.0%	(1.7%)	1.8%	3.0%	0.8%	(1.0%)	(0.3%)	1.2%	(0.3%)	4.4%
2011	0.3%	2.1%	(0.9%)	1.2%	(1.3%)	(0.4%)	(0.6%)	(1.3%)	(1.3%)	0.8%	1.7%	(0.5%)	(0.4%)
2012	1.2%	3.2%	1.1%	0.9%	0.1%	(0.6%)	2.3%	0.3%	1.2%	2.8%	0.4%	(2.6%)	10.5%
2013	3.8%	2.2%	3.8%	2.8%	1.0%	0.8%	1.0%	2.4%	(1.0%)	1.9%	2.0%	2.8%	25.8%
2014	-1.8%	3.7%	-4.2%	-1.6%									-4.0%

Notes: Italicized performance numbers are actual returns earned while the "fund" managed internal money. Returns during this period have been adjusted to account for a notional management fee of 1.5% per annum and a performance fee of 20% of all profits earned in excess of the overnight cash return, while taking account of a high-water mark. No adjustment has been made for third party administration cost prior to February 2010 when the independent administrator was appointed.

Important Information

Past performance is no guarantee of future returns - values can go up and down. The information contained above has been prepared by Capricorn Fund Managers (Pty) Limited and is unaudited. Returns as shown are the weighted average of all issued series.

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