

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	R 176m	1.9%	2.5%	10.4%	46.1%	11.2%	144.5%

MANAGER'S COMMENTS

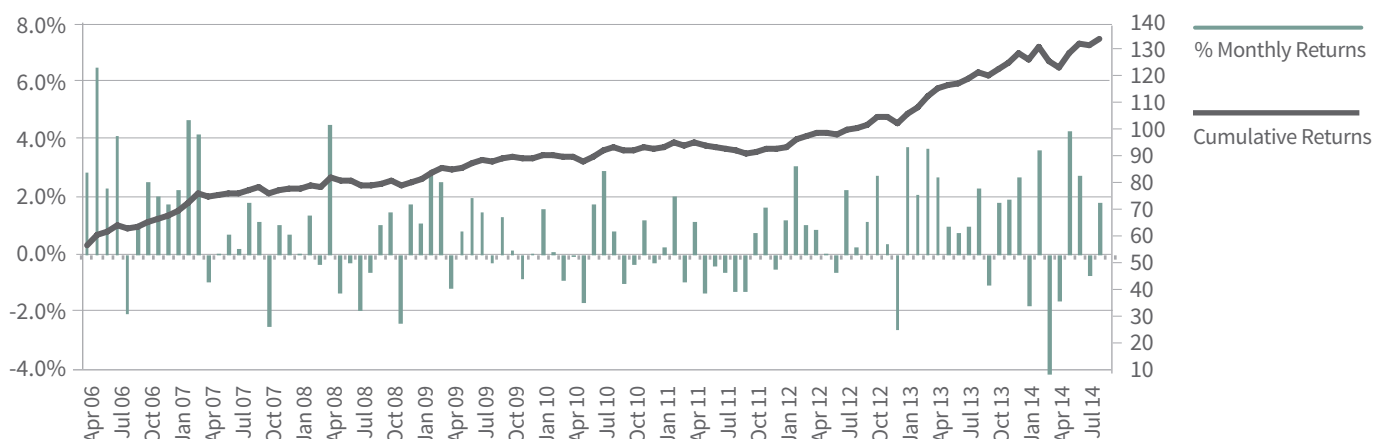
The month of August was characterised by an abundance of news flow hitting the market on an almost daily basis. Numerous companies reported their financial results, geopolitical issues continued to surface and African Bank was placed in curatorship. In light of these external factors the fund performed extremely well returning 1.9% to investors while the JSE All Share index pulled back 0.46%.

The star performer of the fund was Rockcastle Global Real Estate. Rockcastle is part of the Resilient Property Group and will house their investment in emerging European and African economies. We believe that Rockcastle will benefit greatly, especially relative to South African Real Estate Investment Trusts, from the low interest rate environment in Europe. The continued lack of economic growth in the region will continue to force the European Central Bank to keep interest rates artificially low. Other significant contributors to performance were long-held long positions in

South African hospital groups, Discovery and Brait SE. The collapse of African Bank and some weak financial results from South African retailers highlighted the severe pressure that the South African consumer is under. As such our long-held negative view on the South African retail sector also contributed nicely to performance.

We continue to hold a positive view on equities relative to other asset classes. The normalisation of monetary environment in the United States combined with lacklustre economic growth prospects for South Africa will continue to put pressure on the Rand and upward pressure on South African interest rates. As such, we continue to prefer companies with significant foreign earnings contributions.

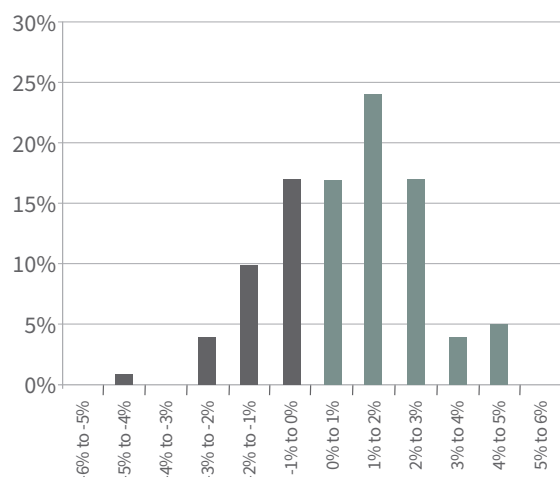
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	176m
Gross exposure	177%
Net Exposure	6%
% of positive months	68%
% of negative months	32%
Annualised monthly volatility (historic)	6.5%
Average positive monthly return	1.9%
Average negative monthly return	(1.2%)
Sharpe Ratio	0.6
Maximum monthly drawdown	(4.1%)
Maximum cumulative drawdown	(5.7%)

	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%)	4.4%	2.8%	(0.7%)	1.9%					4.5%

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.

CONTACT INFORMATION

Investment Manager

Capricorn Fund Managers (Pty) Limited
 Capricorn House
 32 Impala Rd
 Chislehurst
 2196
 South Africa

For enquiries please contact

Andrew Crawford
 T: +27 11 666 0716
 E: andrewc@capricornsa.com

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