

CAPRICORN MARKET NEUTRAL FUND CAPRICORN FUND MANAGERS

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 257m	2.5%	24.9%	34.8%	87.3%	20.5%	94.9%

MANAGER'S COMMENTS

The month of December managed to top a very eventful year for the South African market. The US Monetary Committee finally raised interest rates after economic data released indicated that the US economy continues to improve. In South Africa, the news flow was far more negative. President Zuma's surprise removal, replacement and subsequent replacement of the Finance Minister caused chaos on the South African market. Although the turnaround by President Zuma is a win for democracy and freedom of speech in South Africa, it has increased the risks associated with investing in our market. The bond market and the ZAR have not recovered the ground lost during the sell-off and we can expect the discount rates applied to South African equities to increase after these events. The South African government will have to work very hard to re-capture the trust of the foreign investors and unfortunately a credit rating downgrade to Junk status now looks to be inevitable.

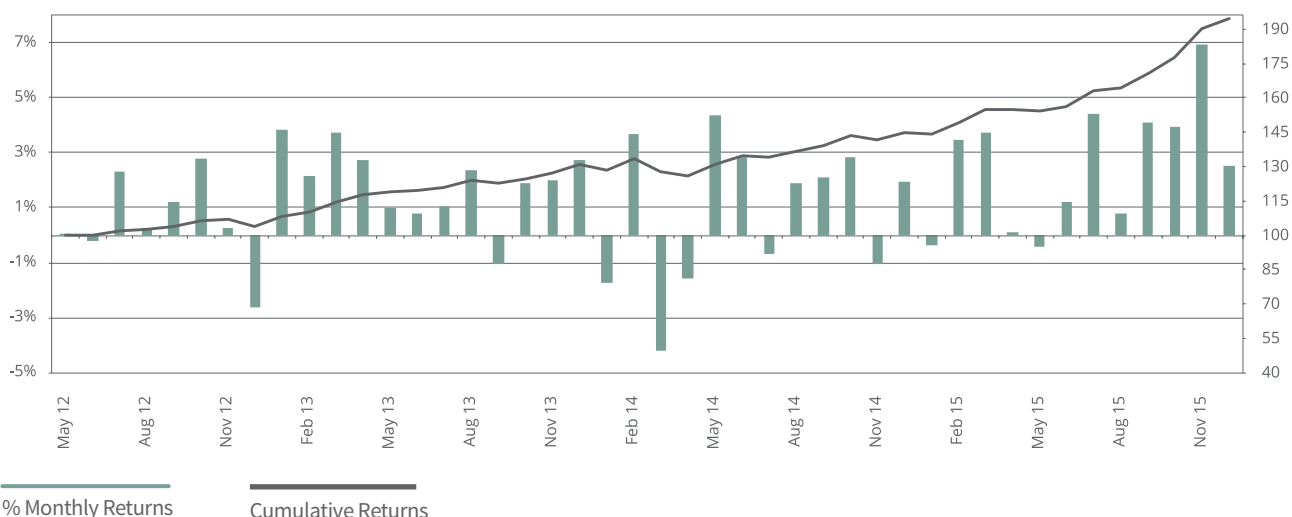
Amid all of this volatility the fund closed the year off strongly, returning 34.8%. Pleasingly the contributors to performance once again stemmed from our long and short books with our core fundamental positions contributing the bulk of performance. Our

long-held position in Curro Holdings continued its very strong run as the market continued to appreciate the growth trajectory and the j-curve that this business will experience over the medium term. Short positions in diversified miners also contributed after the market started to question the viability of their progressive dividend policies. Other short positions in South African financials and industrials performed well due to the sell-off in the ZAR and the South African bond market. Our relative position between locally listed international property companies versus South African REITS continued to perform extremely well.

Losses were incurred in our short positions in South African gold miners and South African financials. Our long held position in Steinhoff also suffered losses as German tax authorities raided the Steinhoff offices due to a tax investigation. Speaking to management, we believe that the market over-reacted to this news event and we remain positive on the fundamentals of the company.

The Fund remains positioned conservatively as we believe volatile markets will continue to persist.

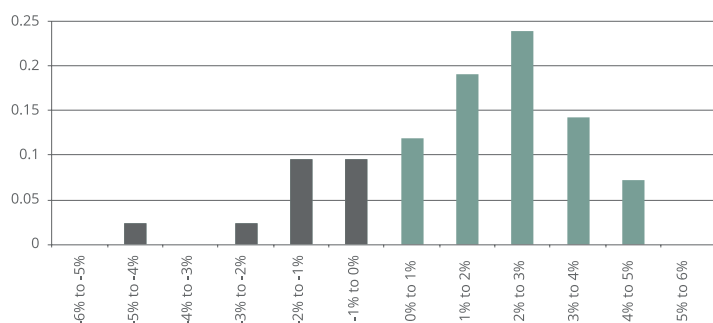
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	R257m
Gross exposure	151%
Net Exposure	10%
% of positive months	77%
% of negative months	23%
Annualised monthly volatility (historic)	7.5%
Average positive monthly return	2.5%
Average negative monthly return	(1.4%)
Sharpe Ratio	1.9
Maximum monthly drawdown	(4.2%)
Maximum cumulative drawdown	(5.7%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012						(0.6%)	2.3%	0.3%	1.2%	2.8%	0.4%	(2.6%)	3.8%
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%	2.1%	2.8%	(1.0%)	1.9%	10.4%
2015	(0.4%)	3.5%	3.7%	0.1%	(0.4%)	1.2%	4.4%	0.8%	4.1%	4.0%	6.9%	2.5%	34.8%

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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