

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 177m	(0.4%)	7.5%	12.0%	51.6%	11.3%	158.5%

MANAGER'S COMMENTS

January proved to be a challenging start to 2015 with negative performance of 0.4%.

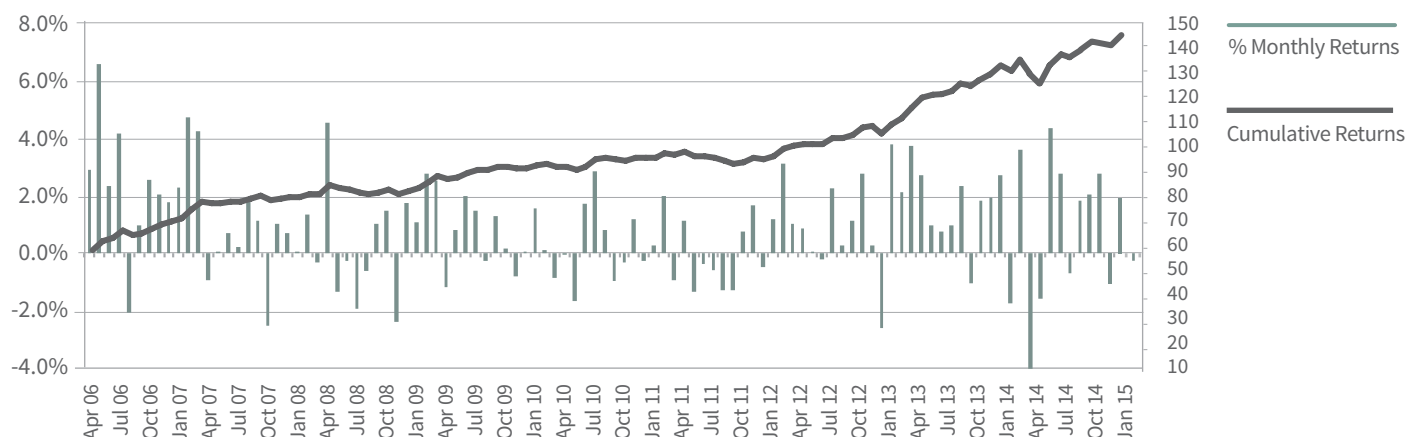
The South African market rallied strongly in January benefitting from another round of liquidity injections from central banks around the world; coupled with the Federal Reserve changing the tone of their rhetoric to being more accommodative. This new round of liquidity pushed bond yields lower worldwide with negative real yields becoming a reality and only stoking the fires further in the global search for yield, of which equities were a net beneficiary.

As can be expected in this environment the greatest detractors from performance were our short positions. The gold price rallied in the face of global deflationary fears and this caused a disproportionate rally in the SA gold sector. We continue to believe that these companies are fundamentally vulnerable and that as they start to report in the coming months the market will react appropriately. Losses were also suffered in our short positions in select South African consumer focused companies. These losses were however offset by gains in our long positions in the same sector.

The significant contributors to performers were again pleasingly from some of our long-held fundamental positions. Naspers performed strongly off the back of a strong rally in its investment Tencent. Mediclinic benefitted greatly from the appreciation of Swiss Franc, as the currency's peg to the Euro was broken, with more than 40% of its earnings generated in Switzerland. Short positions in the construction sector and mobile telecommunications also contributed well.

The excess liquidity in the market will continue to support equities as an asset class, but we do expect volatility to increase. As such we will continue to use pullbacks in the market as an opportunity to accumulate share in our preferred companies. Although we continue to believe that the US economy is improving and that this will push bond yields higher over time, the lacklustre data coming from Europe is a cause for concern. Consequently we have positioned our portfolio to be as macro neutral as possible.

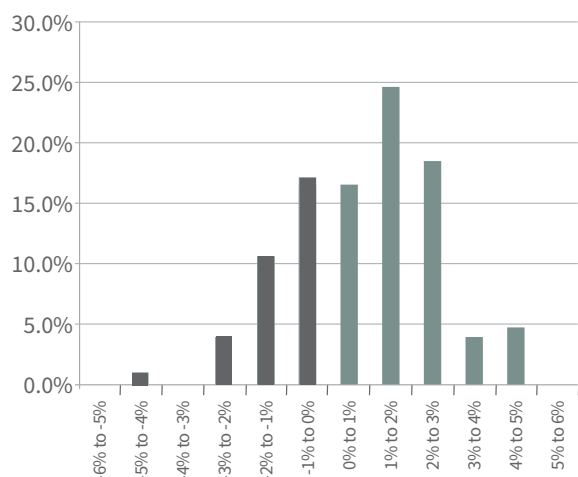
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	R177m
Gross exposure	173%
Net Exposure	9%
% of positive months	68%
% of negative months	32%
Annualised monthly volatility (historic)	6.4%
Average positive monthly return	1.9%
Average negative monthly return	(1.1%)
Sharpe Ratio	0.7
Maximum monthly drawdown	(4.2%)
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%	2.1%	2.8%	(1.0%)	1.9%	10.4%
2015	(0.4%)												(0.4%)

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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