

# 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	R 173m	(0.7%)	4.2%	10.7%	41.4%	11.0%	139.5%

## MANAGER'S COMMENTS

The Capricorn Market Neutral Fund was down 0.7% in July.

The strong performance of Brait continued post their results in early June and was again the top contributor to performance of the Fund. Pepkor, the largest portion of the NAV of Brait, operates in many high growth jurisdictions and Brait remains a core holding in our long term portfolio. Long positions in select holdings in the South African hospital sector also contributed strongly to performance. The earnings prospects for these companies continues to grow as they expand their margins locally whilst investing in exciting opportunities abroad.

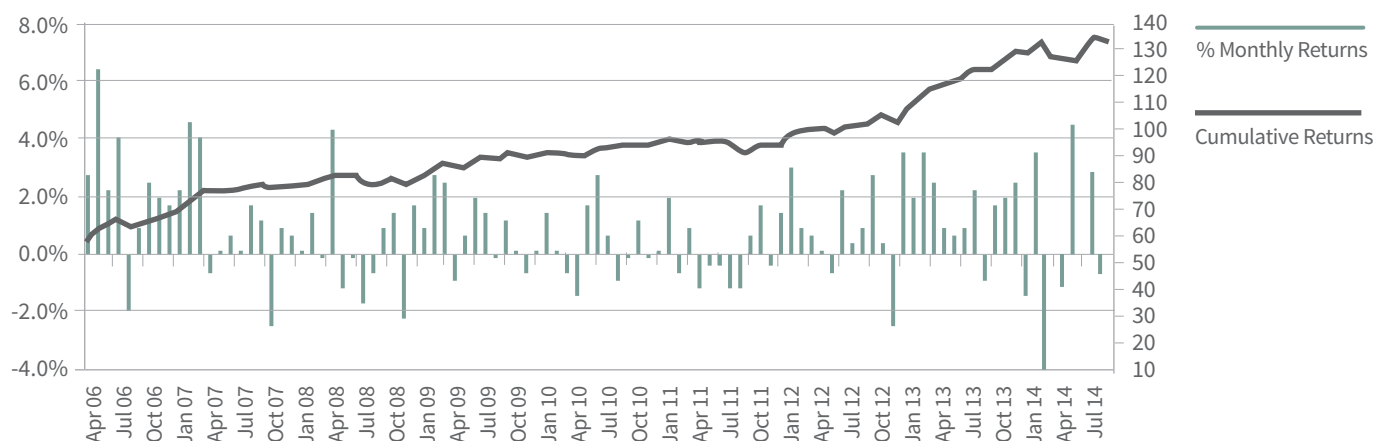
One of the largest detractors to performance came from our long term position in Steinhoff International when they announced a significant rights issue in the month. The capital raised from the rights issue will be used to reduce the debt of the company and pave the way to an international listing. Richemont detracted from

performance after some of their global luxury peers released weaker than expected results and Richemont traded lower in sympathy.

Other detractors from performance were our short positions in select South African gold miners and short positions in local industrial stocks with exposure to the South African consumer. We continue to hold a negative stance on both of these positions.

Many of our longer term holdings will be reporting results over the next two months. We are confident that the market will be more discerning and reward the companies that report robust numbers.

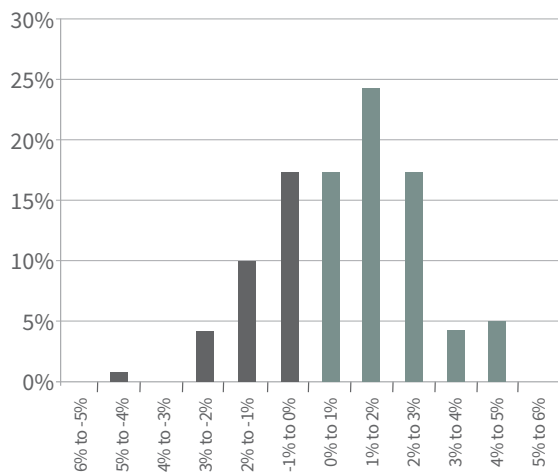
## Historical Monthly Returns



# CAPRICORN MARKET NEUTRAL FUND CONTINUED



## Histogram of Returns



## Statistics

Assets Under Management (R Million)	173m
Gross exposure	187%
Net Exposure	9%
% 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	(4.2%)
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%	<b>23.6%</b>
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%	<b>14.5%</b>
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%	<b>3.4%</b>
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%	<b>10.7%</b>
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%)	<b>4.4%</b>
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%)	<b>(0.4%)</b>
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%)	<b>10.5%</b>
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%	<b>25.8%</b>
2014	(1.8%)	3.7%	(4.2%)	(1.6%)	4.4%	2.8%	(0.7%)						<b>2.3%</b>

**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

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