

# 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 %
<b>MNF</b>	R 210m	4.4%	13.1%	21.6%	59.6%	16.7%	62.9%

## MANAGER'S COMMENTS

In yet another volatile month the Fund performed strongly returning 4.4%. The All Share Index ended the month up 0.5%, but the dispersion within the market was extreme. The Financial and Industrial indices ended the month up 3.5% and 1.4% respectively, while the Resource Index was down 7.6%. Pleasingly, the outperformance of the Fund was driven from a variety of our investment themes on both the long and the short side of the book.

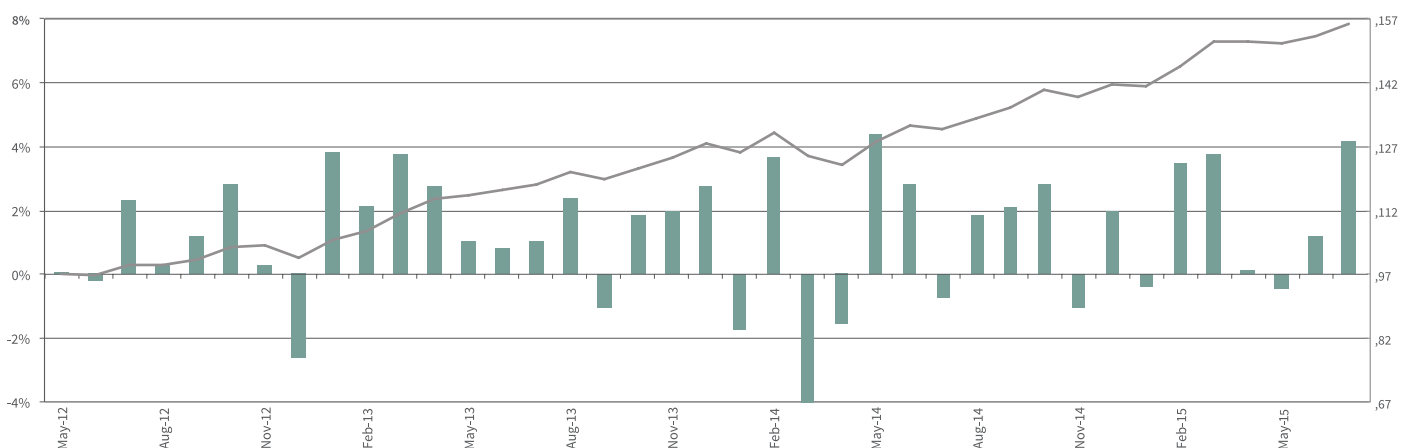
Our negative stance on marginal South African mining operations in the gold, platinum and iron ore sector paid off handsomely. We remain negative on these operations, but the pricing is starting to reflect the more sombre view of their prospects and as such we have reduced our positions across these sectors. Short positions in the South African industrial and retail sector also performed well. We have not changed our negative stance on the outlook for the South African economy and as such have kept our positions.

Robust performance was also delivered from our long book as strong companies like Mondi, Reinet and the JSE produced solid trading updates. Long positions in the South African healthcare sector also performed well after poor performances the previous month.

Detractors to performance stemmed from our short positions in the South African property sector and our long position in Naspers. We maintain our negative view on the property sector in South Africa. The rising rate environment combined with structural headwinds in their operating environments does not bode well for these companies.

The market continues to prepare for lift-off from the Federal Reserve in US and volatility will remain at elevated levels. The South African Reserve Bank raised rates in July to be proactive in this regard. This places further pressure on an already faltering economy. We continue to believe that in this environment the entrepreneurial and proactive management teams will enable their companies to outperform.

## Historical Monthly Returns



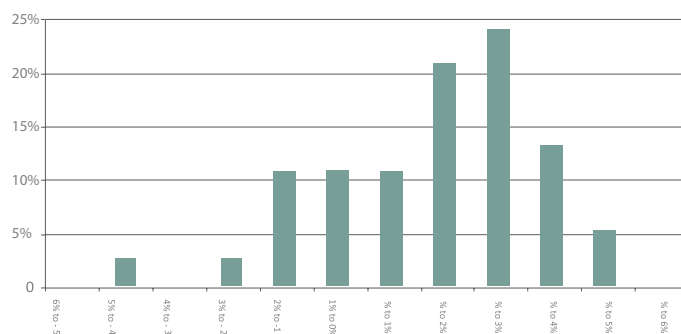
% Monthly Returns

Cumulative Returns

# CAPRICORN MARKET NEUTRAL FUND CONTINUED



## Histogram of Returns



## Statistics

<b>Assets Under Management (R Million)</b>	<b>R210m</b>
<b>Gross exposure</b>	<b>170%</b>
<b>Net Exposure</b>	<b>9%</b>
<b>% of positive months</b>	<b>74%</b>
<b>% of negative months</b>	<b>26%</b>
<b>Annualised monthly volatility (historic)</b>	<b>7.1%</b>
<b>Average positive monthly return</b>	<b>2.3%</b>
<b>Average negative monthly return</b>	<b>(1.4%)</b>
<b>Sharpe Ratio</b>	<b>1.5</b>
<b>Maximum monthly drawdown</b>	<b>(4.2%)</b>
<b>Maximum cumulative drawdown</b>	<b>(5.7%)</b>

	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%)	<b>3.8%</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%)	1.9%	2.1%	2.8%	(1.0%)	1.9%	<b>10.4%</b>
2015	(0.4%)	3.5%	3.7%	0.1%	(0.4%)	1.2%	4.4%						<b>12.7%</b>

## 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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