

# 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 204m	1.2%	7.9%	15.6%	56.3%	15.5%	56.0%

## MANAGER'S COMMENTS

Volatility continued in the South African equity market. The driving forces behind this stemmed from various international events, namely: i) The ongoing Greek saga; extreme volatility in the Chinese A-shares market; ii) the continued weakness in the commodity price complex and iii) speculation around the timing of the first interest rate hike in the United States. We continue to remain focused on bottom-up, company specific opportunities that present themselves and will use the macro volatility to secure attractive entry prices. This strategy paid off handsomely during the month with the Fund up 1.2%.

The Fund benefitted greatly from its various short positions. Our long standing negative view on South African resource and industrial sectors continued to perform well. Naspers also reported their annual results during the month and yet again confirmed our investment case by continuing to create value in their classifieds, retail, payments and pay television businesses. These businesses are currently trading at a

negative valuation. Our long positions in select South African retailers performed strongly as the market rewarded their superior business. Our short positions in the same sector were also profitable which was especially pleasing.

Detractors of performance came from long held positions in the healthcare sector and international property companies. We reduced exposure before the pullback post the strong rally in these sectors. We still believe in these companies and view them as high quality with exciting opportunities for growth and will increase our exposure to them over time.

The volatility experienced in June will in all likelihood continue, if not increase, as we move closer to the US rate hike. We maintain our view that equities as an asset class remain attractively priced.

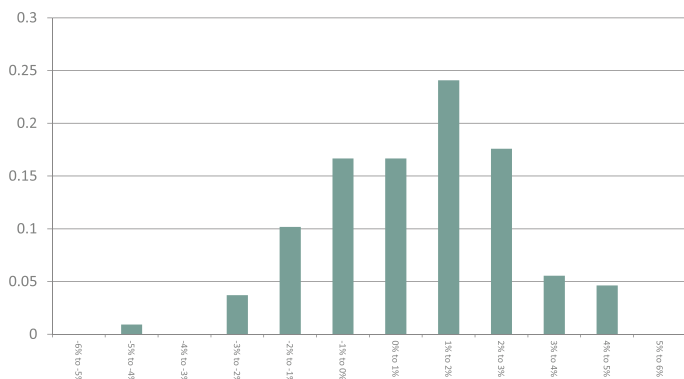
## Historical Monthly Returns



# CAPRICORN MARKET NEUTRAL FUND CONTINUED



## Histogram of Returns



## Statistics

<b>Assets Under Management (R Million)</b>	<b>R204m</b>
<b>Gross exposure</b>	<b>179%</b>
<b>Net Exposure</b>	<b>10%</b>
<b>% of positive months</b>	<b>73%</b>
<b>% of negative months</b>	<b>27%</b>
<b>Annualised monthly volatility (historic)</b>	<b>6.9%</b>
<b>Average positive monthly return</b>	<b>2.2%</b>
<b>Average negative monthly return</b>	<b>(1.4%)</b>
<b>Sharpe Ratio</b>	<b>1.4</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%							<b>7.9%</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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