

# 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 201m	(0.4%)	8.7%	17.5%	54.1%	15.5%	54.1%

## MANAGER'S COMMENTS

The South African market pulled back 4% in May on a total return basis. After a reasonably calm start to the month the market sold off aggressively over the last four days. In this environment, the Fund performed satisfactorily pulling back 0.4%. As can be expected the short book produced the largest portion of the positive performers while the detractors of performers stemmed from the long book.

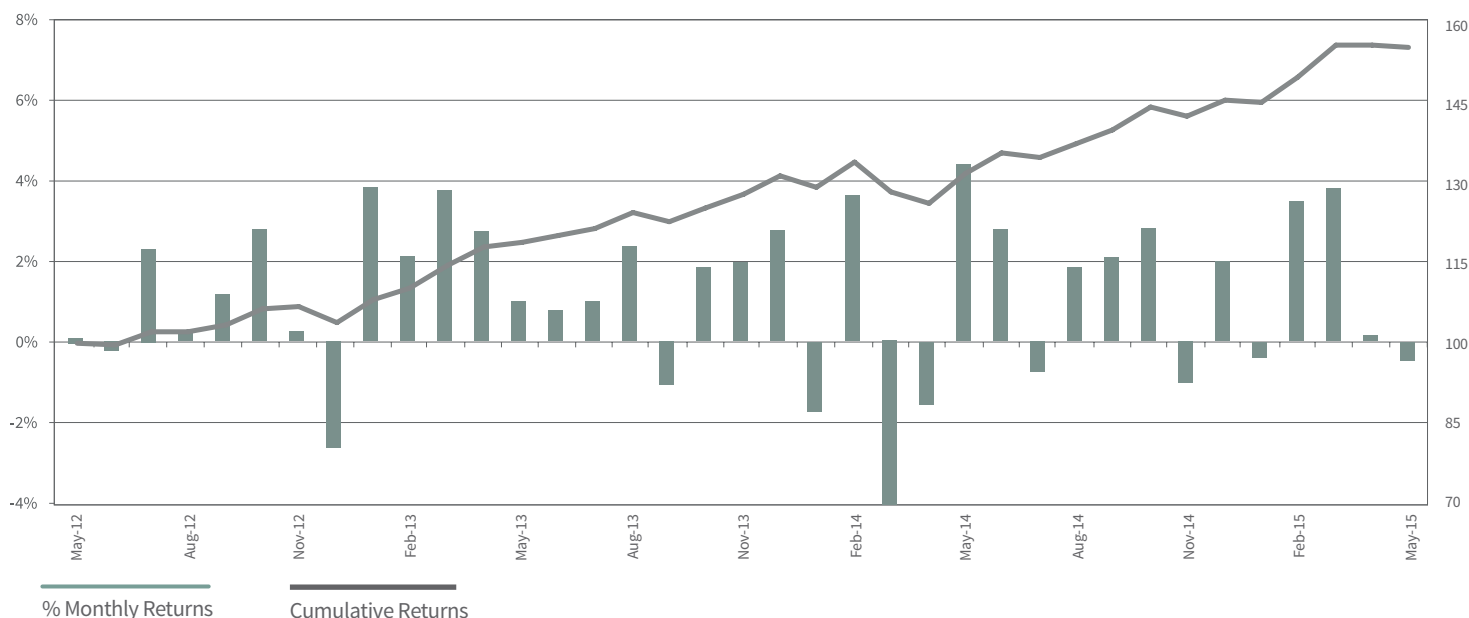
Structural short positions in the South African iron ore and gold miners contributed significantly to the performance of the Fund. These miners are being increasingly marginalised by low cost supply coming on line and collapsing commodity prices. Our negative stance on the South African Telecommunications, Property and Industrial sectors paid off handsomely and protected the book in volatile conditions. The economic headwinds faced by these sectors were again highlighted as these companies reported lacklustre earnings. Our long position Mondi performed well after they released strong Q1 results.

Our long positions in the healthcare sector suffered severely during the month. These richly valued companies came under pressure after they reported their results. We believe that the market overreacted to the news flow and that the current levels provide a buying opportunity into these quality companies.

We believe that the volatility in the market is going to persist as we move closer to the US rate hike. We view these volatile conditions as opportunities to accumulate some of our preferred picks.

This month heralded the 3 year anniversary of the Capricorn Market Neutral Fund being open to third party investments. As such we have dropped the performance history of the Fund on the performance table relating to the period where internal money was managed.

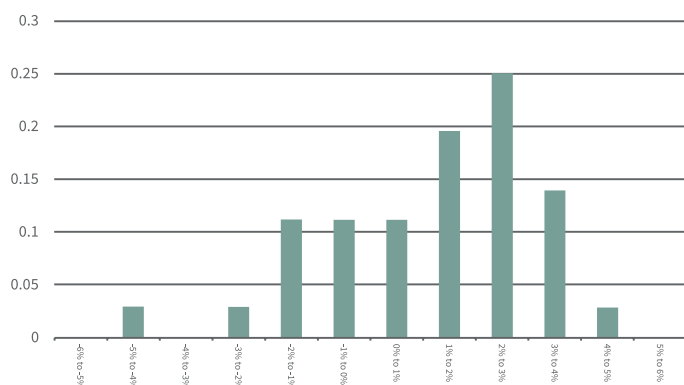
## Historical Monthly Returns



## CAPRICORN MARKET NEUTRAL FUND CONTINUED



## Histogram of Returns



## Statistics

Assets Under Management (R Million)	R201m
Gross exposure	176%
Net Exposure	9%
% of positive months	72%
% of negative months	28%
Annualised monthly volatility (historic)	7.0%
Average positive monthly return	2.2%
Average negative monthly return	(1.4%)
Sharpe Ratio	1.4
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%)	<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%)								<b>6.6%</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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