

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 251m	6.9%	23.3%	34.0%	77.9%	20.1%	90.0%

MANAGER'S COMMENTS

November proved to be a very strong month for the fund, returning 6.9%. The South African equity market in contrast struggled, declining by 3.9% on a total return basis (JSE All Share Index). Economic data from the US has been strong since September with the US unemployment rate now the lowest since June 2008, supporting a possible rate hike in December. In anticipation of the rate hike market participants continue to adjust their portfolios accordingly. This readjustment lead to substantial divergence in returns between the various sectors and companies listed on the JSE. This environment is ideal for a market neutral strategy as it allows alpha to be generated in the long and short positions within the portfolio.

Although contributors to performance derived predominantly from our short book, many of our long positions held up well in a difficult environment. Our short positions in the South African industrial sector contributed nicely to performance. The deteriorating economic conditions in South Africa combined with cost pressures from labour, electricity and the worsening drought conditions are placing increasing margin pressure on this sector. Our negative bias towards the resource sector and the service providers to this sector also contributed. These sectors continue to suffer from the collapsing commodity prices, and we

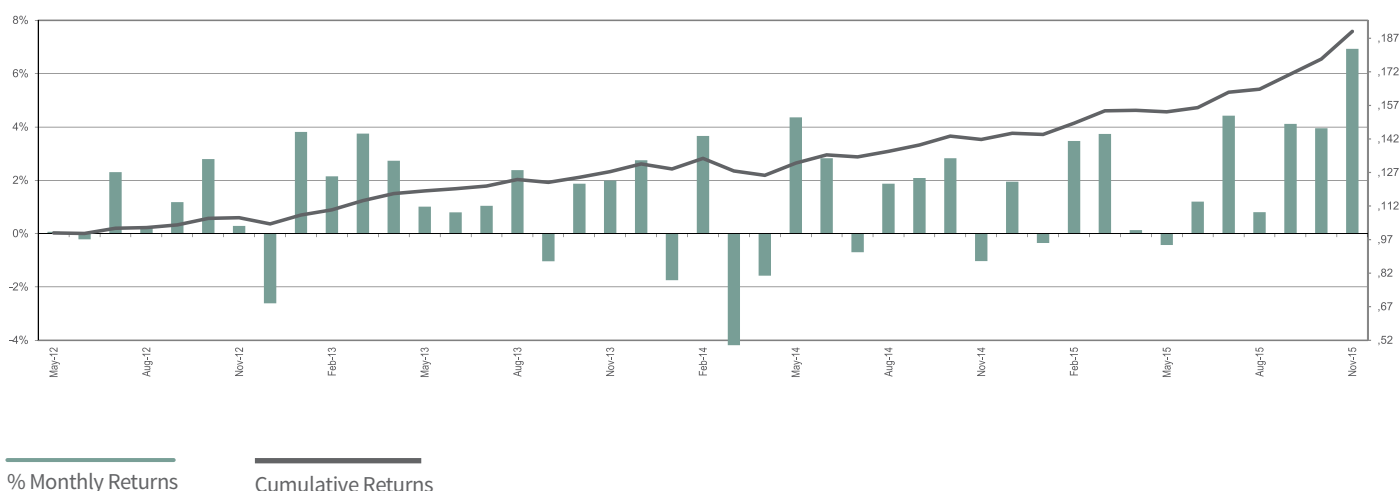
retain our negative bias to these sectors. The strong dollar environment combined with the transformation of Chinese economy from an industrial to services focused economy does not bode well for any potential bounce in the commodity complex.

In our long book, Curro Holdings and Naspers performed well and these businesses continue to benefit from their strong competitive positioning within their operating environment with reinvestment in their businesses yielding superior returns. Our relative position of long locally-listed international property versus local property stocks performed strongly.

We have reduced the risk in our book over the course of the month as many of our key investment themes played out. Although we believe in these themes over the long-term, we are worried about the potential short term irrationality in the market as we prepare for the first US rate hike which finally signals the end of the stimulatory environment we have experienced over the past 8 years.

We would like to take the opportunity to thank our investors for their continued support this year and wish you all a very happy festive period.

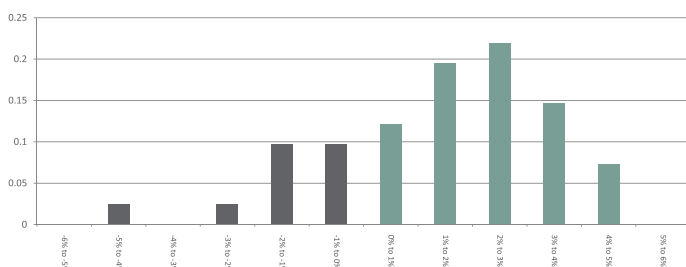
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	R251m
Gross exposure	152%
Net Exposure	13%
% of positive months	76%
% of negative months	24%
Annualised monthly volatility (historic)	7.6%
Average positive monthly return	2.5%
Average negative monthly return	(1.4%)
Sharpe Ratio	1.8
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%)	3.8%
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%)	3.5%	3.7%	0.1%	(0.4%)	1.2%	4.4%	0.8%	4.1%	4.0%	6.9%		31.5%

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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