

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 182m	2.8%	14.0%	14.7%	54.4%	11.6%	157.1%

MANAGER'S COMMENTS

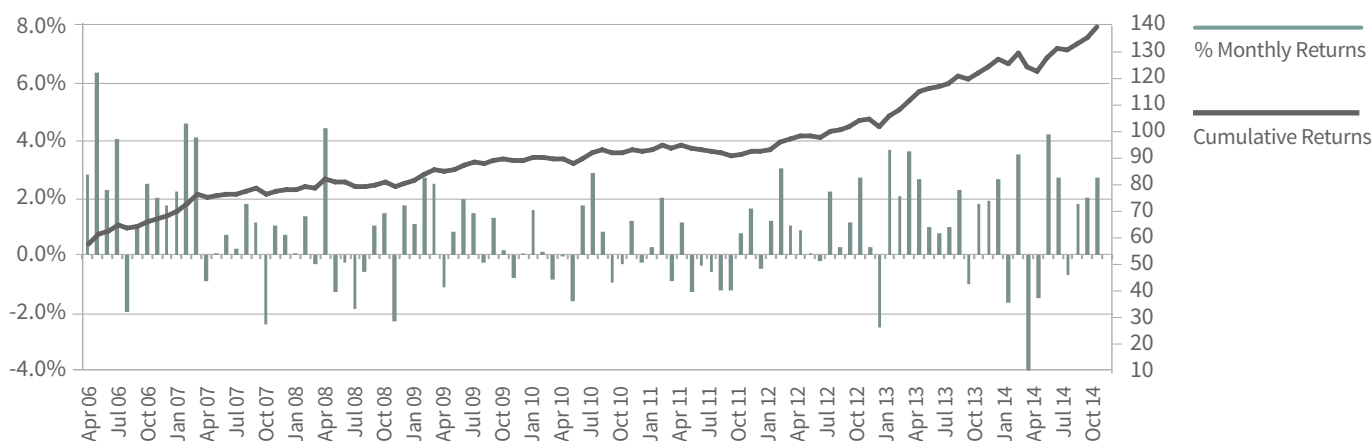
Leading into this month pundits have focussed on the benign equity environment that markets have experienced year to date. This changed dramatically in October as volatility increased sharply and it was pleasing to us that in this volatile environment the fund performed very well returning 2.8%.

Once again our core portfolio, on both the long and the short side, contributed most to the strong performance. In the long book Naspers, Aspen Pharmacare and Brait SE were the standout performers, but our preferred South African domestic companies, like Rand Merchant Insurance Holdings, Investec and Woolworths also performed very well. Our short positions in resource sector contributed to our performance which protected the book very well during the downturn.

Our short position in the South African consumer space was a detractor from performance this month, yet we maintain our negative view on this sector. In our long book, we were disappointed in the performance of oil producer Sasol which tracked the selloff in oil. We believe that the oil price will continue to face structural headwinds as Syria and Iraq continue to increase their supply while the shale gas revolution in the US is changing the demand side for oil. Given these concerns we have cut our position in Sasol.

Although we maintain our constructive view on equity markets, we are far more cautious leading into year-end. We do believe that volatility will increase as we approach the first rate hike in the US, however we still see many company specific opportunities to exploit.

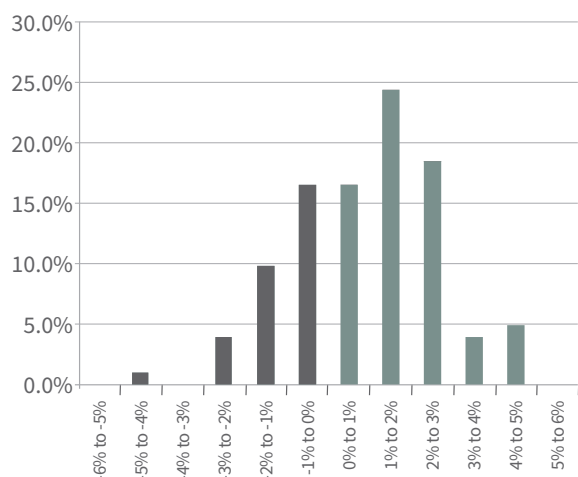
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	182m
Gross exposure	188%
Net Exposure	9%
% of positive months	69%
% of negative months	31%
Annualised monthly volatility (historic)	6.4%
Average positive monthly return	1.9%
Average negative monthly return	(1.2%)
Sharpe Ratio	0.7
Maximum monthly drawdown	(4.2%)
Maximum cumulative drawdown	(5.7%)

	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%	23.6%
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%	14.5%
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%	3.4%
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%	10.7%
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%)	4.4%
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%)	(0.4%)
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%)	10.5%
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%			9.5%

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.

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