

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 177m	2.1%	9.1%	13.9%	51.1%	11.4%	149.6%

MANAGER'S COMMENTS

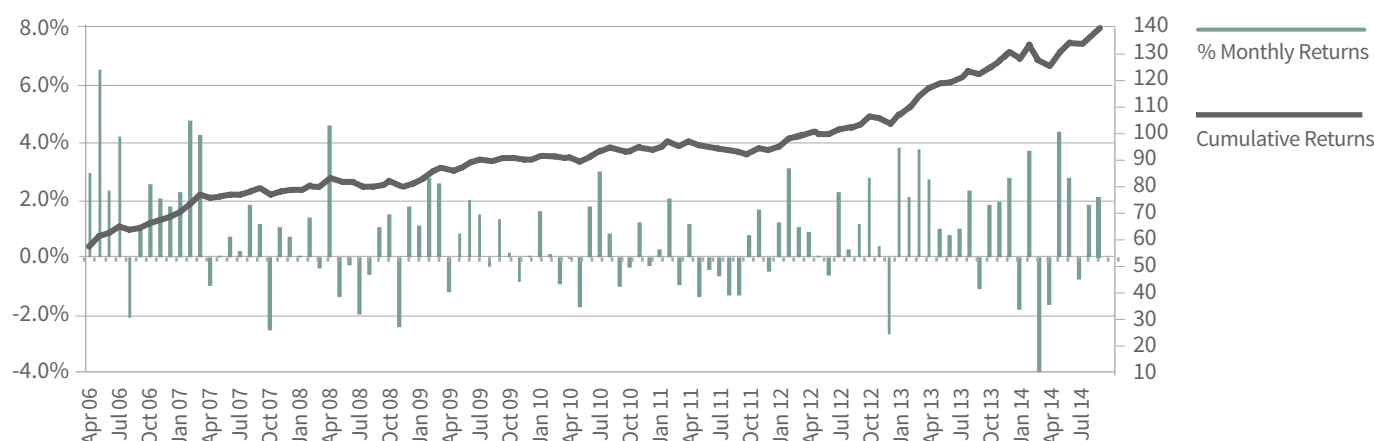
The Capricorn Market Neutral Fund performed well in September returning 2.1%. This was especially pleasing in the face of an uptick in volatility in the general equity market. The FTSE/JSE All Share Index was down 2.58% for the month.

As can be expected the short positions of fund contributed well to the overall performance. Our negative view on SA Resource companies, especially gold miners and domestic diversified miners, paid off handsomely and delivered the largest contribution to performance. Corporate results continue to support our view that the domestic economy is taking severe strain and that our domestic industrial companies continue to struggle. While they are transforming their business models to expand outside of the borders of South Africa, these endeavours will not contribute meaningfully in the near term. Presently these companies are vulnerable to the slowdown in the SA economy and the weakening of the ZAR. Our short positions in these counters paid off during the month.

Some of our long standing core positions detracted from performance, with the largest being Naspers and Richemont. We are still positive on these names and are using the depressed prices to accumulate.

We remain constructive on equity markets and view any pullback as an opportunity. The U.S. economy continues to expand which will allow the Federal Reserve to stop the quantitative easing into a growing economy. With real interest rates across the world negative and the U.S. economic growth accelerating, it is difficult to see a pullback in equity markets as anything but a correction in a bull market.

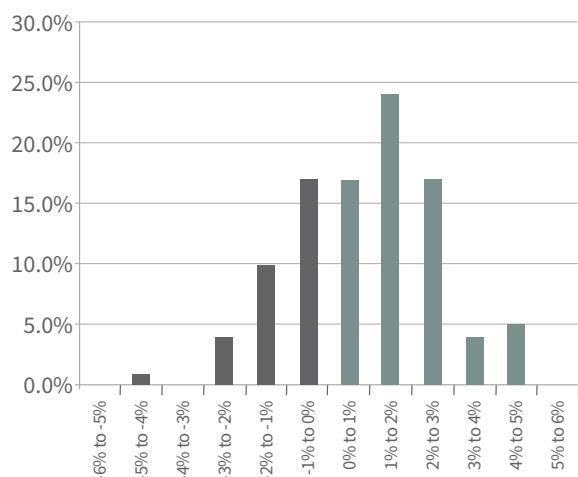
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	177m
Gross exposure	182%
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	(4.0%)
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%				6.6%

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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