

CAPRICORN PERFORMER FUND



OBJECTIVE

The Capricorn Performer Fund is a South African long/short equity hedge fund. The fund has a strong focus on long term capital appreciation, targeting an absolute return in excess of cash. The fund aims to provide returns with lower volatility and lower drawdowns than equities.

	Current NAV	1 month %	6 month %	1 year %	3 year %	Annualised since launch	Since launch %
CPF	258m	0.5%	6.6%	29.6%	17.7	35.9%	71.1%

MANAGER'S COMMENTS

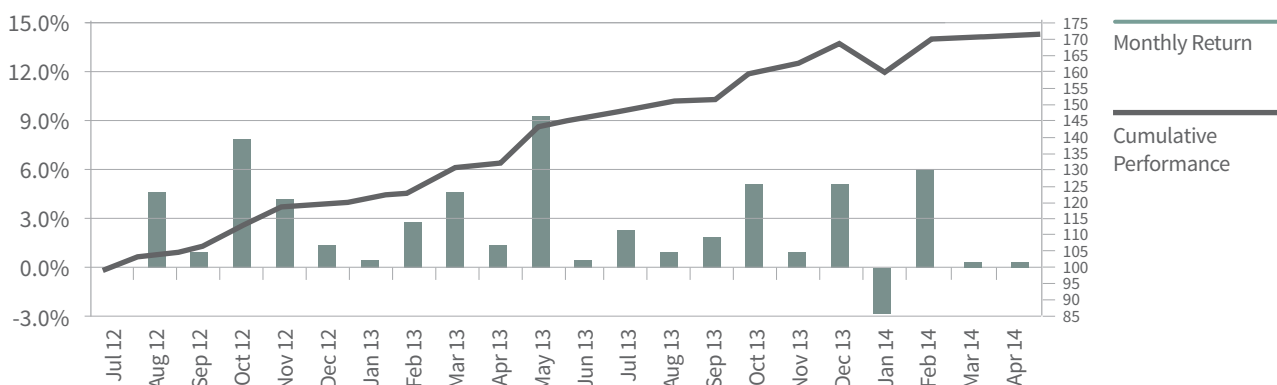
The fund delivered 0.5% for the month with the second quarter of 2014 proving to be a more challenging environment for Capricorn due to the rotation that has persisted in the markets since March. This is a continuation of the mean reversion trade out of well owned consensus names into the more cyclical SA Inc. stocks.

Interestingly most of the strong performers were in the local consumer space which has seen a resurgence contrary to our expectations. We maintain our long held view that the South African consumer is constrained and that some of these stocks still have downside.

Perhaps of greater importance is that several of our key longer term strategic plays, namely Steinhoff and Discovery, started to perform. On the other hand Naspers deserves special mention due its notable underperformance this month. We remain confident in our Naspers position although we came into the month having trimmed our position. We will use this current weakness to accumulate when the opportunity presents itself and will continue to actively trade around this position as we have done since the fund's inception.

We expect choppy and volatile markets to continue and do see further short term downside risks however we believe there are positive indicators for second half 2014 performance.

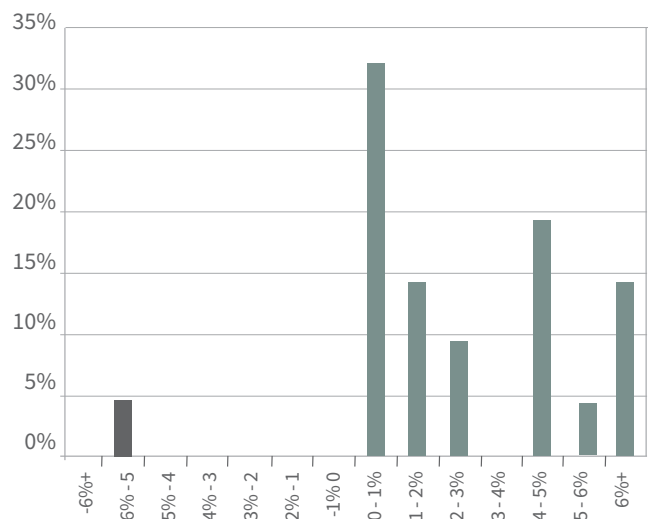
Simulated Historical Monthly Returns



CAPRICORN PERFORMER FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (R Million)	258.1m
Gross exposure	364%
Net Exposure	93%
% of positive months	95%
% of negative months	5%
Annualised monthly volatility (historic)	11.36%
Average positive monthly return	3.1%
Average negative monthly return	-5.7%
Sharpe Ratio	2.4
Maximum monthly drawdown	-5.7%
Maximum cumulative drawdown	-5.7%

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003							1.4%	1.1%	0.1%	3.6%	3.7%	4.7%	15.3%
2004	3.3%	-0.1%	3.2%	0.4%	-3.8%	1.0%	2.6%	4.2%	2.8%	6.1%	16.7%	4.6%	48.1%
2005	1.6%	6.2%	-1.7%	1.6%	6.0%	1.5%	3.2%	5.5%	5.1%	0.8%	3.5%	4.2%	44.1%
2006	7.6%	1.7%	3.9%	1.6%	-1.7%	1.7%	4.3%	1.9%	2.4%	1.3%	2.9%	4.5%	36.7%
2007	3.7%	3.1%	4.9%	3.0%	4.4%	1.5%	-2.6%	0.6%	3.7%	6.2%	2.6%	2.1%	38.5%
2008	-6.3%	7.9%	2.4%	4.6%	3.9%	0.1%	-6.9%	-5.5%	-6.3%	-2.1%	-0.1%	0.1%	-9.1%
2009	1.8%	0.0%	2.1%	-1.7%	3.5%	0.2%	3.8%	-0.3%	2.5%	5.2%	-0.9%	4.4%	22.2%
2010	-3.7%	4.3%	4.7%	-0.1%	-6.4%	-3.4%	5.0%	-0.6%	5.6%	1.1%	-1.9%	1.1%	4.9%
2011	-2.7%	3.3%	0.8%	3.4%	0.0%	-2.0%	-0.2%	1.5%	-0.9%	5.5%	5.6%	-2.5%	11.9%
2012	2.1%	5.9%	4.3%	4.1%	-2.1%	2.6%	6.7%	4.7%	0.8%	7.8%	4.3%	1.4%	51.6%
2013	0.6%	2.5%	4.8%	1.3%	9.5%	0.6%	2.0%	0.9%	1.6%	5.5%	0.6%	5.0%	40.6%
2014	-5.7%	6.2%	0.5%	0.5%									1.0%

Notes: Italicized performance numbers are based on simulated returns. Returns during this period have been adjusted to account for a management fee of 1.25% per annum and a performance fee of 20% above a hurdle of CPI.

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

Investment Manager

Capricorn Fund Managers (Pty) Limited
 Capricorn House
 32 Impala Rd
 Chislehurst
 2196
 South Africa

For enquiries please contact

Andrew Crawford
 T: +27 11 666 0716
 E: andrewc@capricornsa.com

Licensed by the Financial Services Board
 License number: 863