

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	499m	1.2%	0.4%	7.5%	57.3%	22.8%	135.4%

MANAGER'S COMMENTS

The fund performed well in very difficult market conditions returning 1.2% for the month. Many companies report their financial results in August and we were pleased to see the market begin to focus on fundamental data and reward those companies exhibiting superior earnings growth, however, certain political events continued to generate unease in the market. We remain cognisant of the fact that South Africa and indeed the world is in a very volatile environment and we continue to work on reducing sensitivities in the portfolio to macro factors such as the Rand, US dollar and global interest rates.

The reporting season proved to be satisfactory with most new data points supporting our investment theses. It is thus not surprising that the greatest contributors to profits arose from those companies that reported results. Tencent continued to produce exemplary results while other contributors to profits came from our short positions in the South African retail, industrial and insurance space. The numbers reported by these companies continued to show that the South African economy and the South African consumer in particular are under continued pressure.

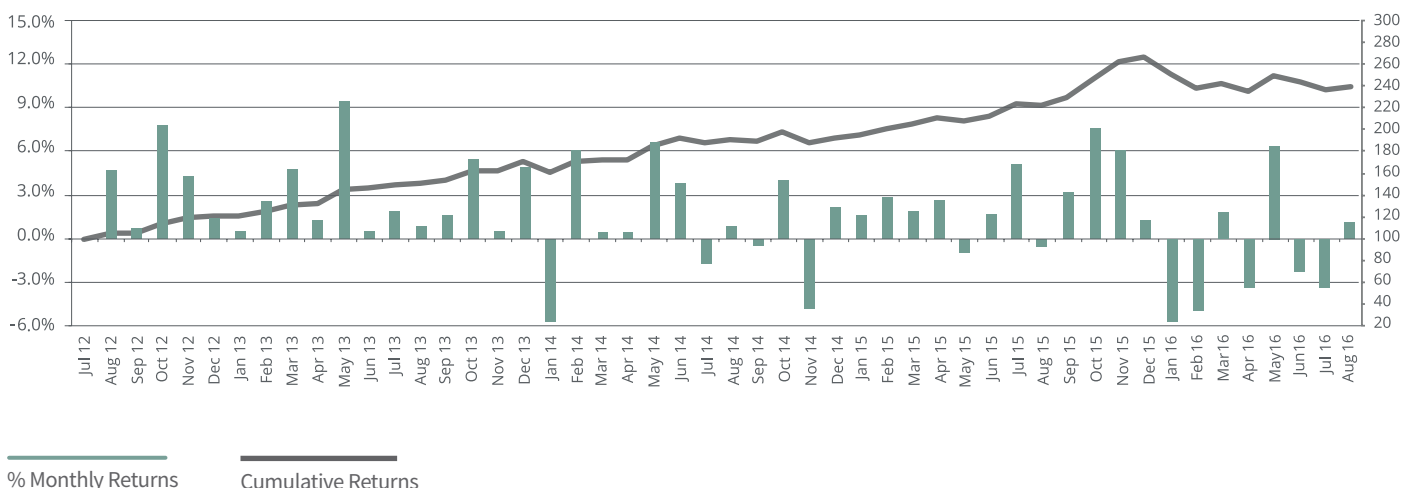
We were pleased to see strong results from two of our more recent additions to the portfolio, Advtech and KAP Industries. We believe that both of these businesses have very strong earnings growth trajectories over the next few years and will entrench themselves in positions which will allow for them to exploit their strengths going forward.

The largest detractors of performance stemmed from our long positions in the South African retail and banking space, as these companies were sold down irrespective of fundamentals in the face of the depreciating rand in the latter part of the month. We believe that once these companies report earnings, the market will start to reward them for their superior business models.

We continue to expect a volatile environment in South Africa in the short term however we will continue to look for opportunities while ensuring our exposure to the above mentioned macro risks are kept to a minimum.



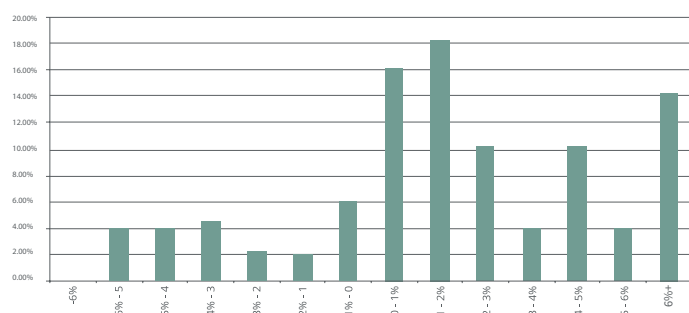
Historical Monthly Returns



CAPRICORN PERFORMER FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (R Million)	499m
Gross exposure	174%
Net Exposure	63%
% of positive months	78%
% of negative months	22%
Annualised monthly volatility (historic)	12.2%
Average positive monthly return	3.2%
Average negative monthly return	(3.0%)
Sharpe Ratio	1.4
Maximum monthly drawdown	(5.7%)
Maximum cumulative drawdown	(11.7%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012								4.7%	0.8%	7.8%	4.3%	1.4%	20.4%
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%	6.6%	3.9%	(1.7%)	0.9%	(0.4%)	4.1%	(4.8%)	2.2%	11.9%
2015	1.7%	2.9%	2.0%	2.7%	(0.9%)	1.8%	5.1%	(0.5%)	3.3%	7.6%	6.1%	1.3%	38.0%
2016	(5.7%)	(4.9%)	1.9%	(3.3%)	6.4%	(2.2%)	(3.3%)	1.2%					(10.0%)

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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