

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	R 335m	(0.4%)	9.9%	23.1%	N/A	33.8%	87.1%

MANAGER'S COMMENTS

September was a pleasing month with the funds holding up well in weak financial markets. Intense volatility returned and the aggressive selling that took place caught most market participants by surprise. As of writing, most Emerging Markets are trading significantly lower, along with their developed market counterparts.

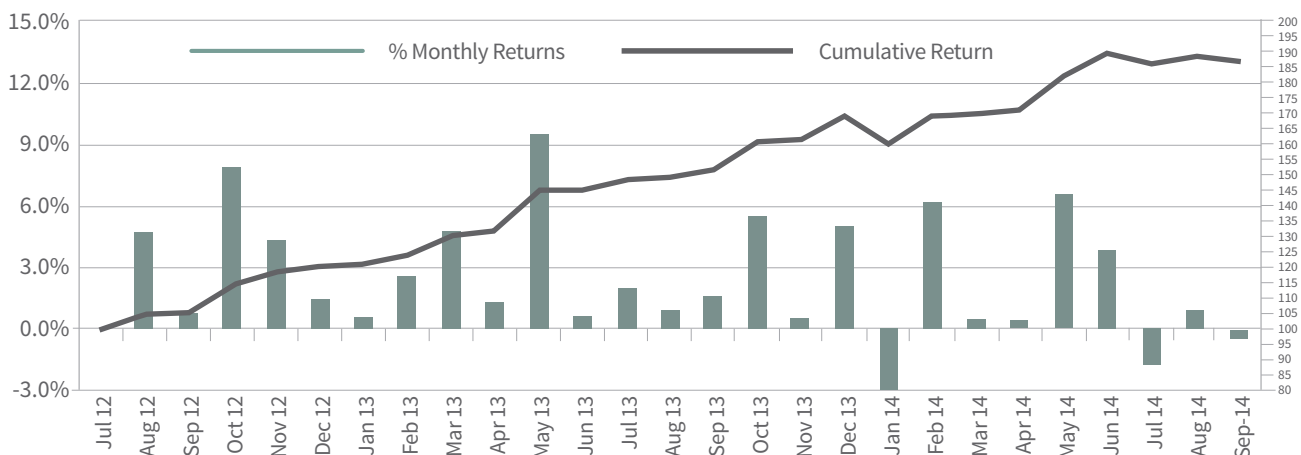
Given the market weakness that arose this month, significant profit was generated from our short book. Our long-held negative view on South African gold miners was affirmed when the largest player in the market proposed a dramatic capital raise, which was later cancelled due to shareholder pressure. We remain of the view that these miners are structurally in decline and cannot see the rationale in the price of gold. Other shorts that performed well were in the SA Inc space, where these companies are largely exposed to the South African economy with few levers to pull.

Satisfyingly, our largest contributor to profits for the month was a long position in the form of Aspen Pharmacare. This was after it presented excellent results which confirm its continued international expansion and this continues to be a favoured long-term position of ours.

Detractors from performance were from many of our core long positions that have performed very strongly and could not be spared in the sell-off. This includes long positions in Naspers, Richemont, Woolworths and HCI. We are comfortable that when markets settle these companies will remain the best opportunities in our universe.

The US economy continues to expand and the normalisation of interest rates draws closer. With real interest rates across the world still negative and US economic growth accelerating, it is difficult to see a pullback in equity markets as anything but a correction in a bull market. We expect volatility to increase but still remain constructive on equities.

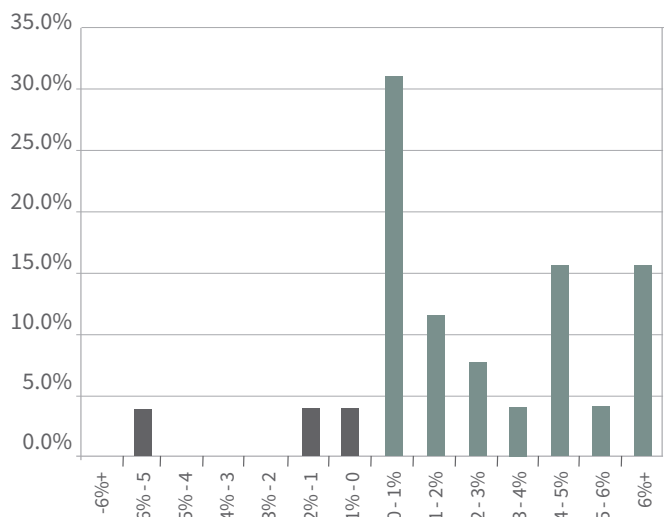
Simulated Historical Monthly Returns



CAPRICORN PERFORMER FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (R Million)	335m
Gross exposure	347%
Net Exposure	89%
% of positive months	88%
% of negative months	12%
Annualised monthly volatility (historic)	11.2%
Average positive monthly return	3.2%
Average negative monthly return	(2.6%)
Sharpe Ratio	2.3
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%	6.6%	3.9%	(1.7%)	0.9%	(0.4%)				10.5%

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.

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