

CAPRICORN SANLAM COLLECTIVE INVESTMENTS MARKET NEUTRAL RETAIL HEDGE FUND



OBJECTIVE

The CAPRICORN SANLAM COLLECTIVE INVESTMENTS MARKET NEUTRAL RETAIL HEDGE FUND is a Rand denominated low risk, market neutral hedge fund that employs multiple investment methodologies to construct a portfolio. The primary objective of the CAPRICORN SANLAM INVESTMENTS MARKET NEUTRAL RETAIL HEDGE FUND is to deliver superior risk adjusted returns that are uncorrelated to the general market over any 12 (twelve) month period by investing in JSE listed equity instruments.

Summary Statistics

	Current NAV	1 year Return (%)	3 year annualised Return (%)	3 year cumulative Return (%)	Annualised* return since inception (%)	Cumulative return since inception (%)
Fund	R59.4m	(13.6%)	8.9%	29.0%	11.6%	64.3%
Benchmark (Stefi)	N/A	7.3%	6.5%	20.9%	6.1%	30.6%

Date: 30/11/2016 **Source:** Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

*Annualised Return is calculated from the historical returns of the fund since inception and is the annual growth rate that gets you from the initial investment value to the ending investment value if you assume that the investment has been compounding annually over the time period.

MANAGER'S COMMENTS

November was another month dominated by politics with Donald Trump's surprise victory announced on the 9th of November. The market initially reacted by moving swiftly into defensive assets such as gold and consumer staples. This reaction reversed quickly once the market re-examined the consequences of the election, Trump's promised infrastructure spend and a more protectionist United States, causing a rally in commodity producers and an aggressive sell off of emerging market assets. This reaction was not favourable for our portfolio and the fund performed poorly losing 2.4% versus the All Share Index that was down 0.6% for the month.

Losses were incurred predominantly in our long book with some of our core positions trading down aggressively in the face of the indiscriminate sell-off of emerging market assets. Naspers was the greatest contributor to our losses, down 9.07% in November, despite posting a positive set of numbers with most of their underlying businesses showing financial improvement. To put the underperformance into perspective Tencent, of which Naspers' 33% stake contributes the majority of Naspers' value was down a mere 1.78% in ZAR.

Losses were also taken in our long position in MediClinic with the market reacting aggressively to the underperformance of their UAE division due to changes in legislation. Although we were also disappointed in the results from the UAE and did reduce our position size post the result, we believe that the market has overreacted and that MediClinic is providing a very attractive risk / return profile from these levels.

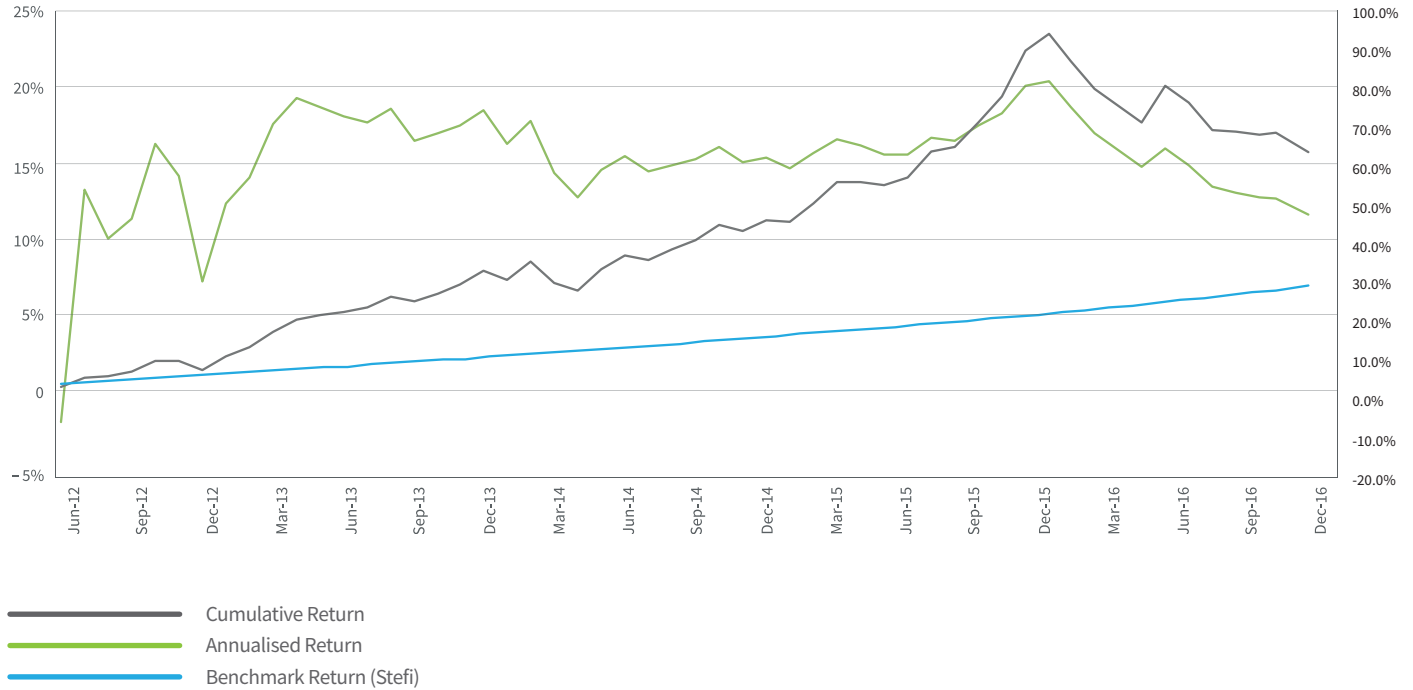
Gains were made in our long positions in commodity producers and our short positions in South African domestic companies.

The market volatility continues to surprise us and the overemphasis of macro events relative to company fundamentals is persisting. We do however believe that the dislocations have presented abundant investment opportunities but prudent capital allocation is critical in this volatile environment. Our objective is to maximise the upside from all the opportunities we are seeing and manage the downside from further market irrationality.

CAPRICORN SANLAM COLLECTIVE INVESTMENTS
 MARKET NEUTRAL RETAIL HEDGE FUND CONTINUED



Graphical Representation of Historical Monthly Returns



Date: 30/11/2016 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd
 Important Information: Past performance is not necessarily a guide to future performance.

Historical Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark YTD
2012						(0.6%)	2.3%	0.3%	1.2%	2.8%	0.4%	(2.6%)	3.8%	2.8%
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%	4.7%
2014	(1.8%)	3.7%	(4.2%)	(1.6%)	4.4%	2.8%	(0.7%)	1.9%	2.1%	2.8%	(1.0%)	1.9%	10.4%	5.3%
2015	(0.4%)	3.5%	3.7%	0.1%	(0.4%)	1.2%	4.4%	0.8%	4.1%	4.0%	6.9%	2.5%	34.8%	5.6%
2016	(3.8%)	(4.0%)	(2.5%)	(2.6%)	5.7%	(2.6%)	(4.1%)	(0.4%)	(0.3%)	0.4%	(2.4%)		(15.7%)	6.7%

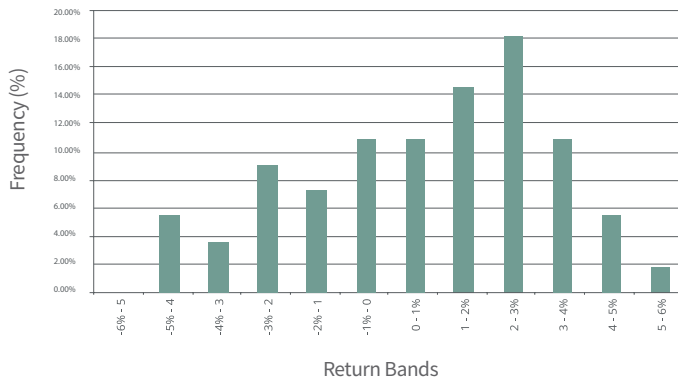
Italicized returns are net returns for the previously unregulated fund

Date: 30/11/2016 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

CAPRICORN SANLAM COLLECTIVE INVESTMENTS MARKET NEUTRAL RETAIL HEDGE FUND CONTINUED



Frequency Distribution of Monthly Returns Since Inception



Date: 30/11/2016 **Source:** Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

Statistics

Assets Under Management (R Million)	59.4m
Gross exposure	164%
Net Exposure	6%
% of positive months	65%
% of negative months	35%
Annualised monthly volatility (historic)	9.1%
Average positive monthly return	2.5%
Average negative monthly return	(1.9%)
Sharpe Ratio	0.6
Maximum monthly drawdown	(4.2%)
Maximum cumulative drawdown	(15.7%)

Launch Date (Regulated Fund) 01/08/2016
Inception Date 01/06/2012

Important Information

Sanlam Collective Investments (RF) (Pty) Ltd registered and approved Manager in Collective Investment Schemes in Securities. Collective investment schemes are generally medium- to long-term investments. Past performance is not necessarily a guide to future performance, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager on request. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Performance is calculated for the portfolio and the individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. Performance fees are calculated at 20% above the benchmark performance (STEFI). Lump sum investment performances are being quoted. Sanlam Collective Investments retains full legal responsibility for this co-named portfolio. The portfolio management of the fund is outsourced to Capricorn Fund Managers, an authorised financial services provider in terms of the FAIS Act. The Manager has a right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. The information contained within this document has been prepared by Capricorn Fund Managers (Pty) Ltd and is unaudited. Returns as shown are the weighted average of all issued series.

CONTACT INFORMATION

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