

CAPRICORN GEM FUND



OBJECTIVE

The Fund is a US Dollar denominated, moderate risk, equity long/short hedge fund, which aims to achieve superior risk-adjusted returns on an absolute basis over any 12 month period by investing in Global Emerging Markets.

Capricorn GEM Fund comprises Capricorn GEM Fund Inc. and Capricorn GEM Fund L.P.

	Current NAV per Share	1 month %	6 month %	1 year %	3 year %	Annualised since launch	Since launch %
Class A - USD	196.6	(9.6%)	(16.1%)	(23.1%)	2.5%	8.0%	96.6%
Class B - EURO	191.0	(9.9%)	(17.1%)	(24.7%)	0.7%	7.7%	91.0%
Class C - GBP	189.9	(9.5%)	(16.9%)	(24.6%)	0.0%	7.6%	89.9%

Date: as at 30/11/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

AUM of the Capricorn GEM Strategy: \$241m. The Strategy consists of Capricorn GEM Fund Inc., Capricorn GEM Fund LP (\$109m), Lyxor/Capricorn UCITS Fund (\$115m) and a managed account.

MANAGER'S COMMENTS



The Fund gave up 9.6% in the month of November 2016. As a consequence of this unprecedented monthly drawdown in the history of the Fund, we produced a report, **Capricorn Note to Investors – December 2016** analysing the reasons for the losses, and the actions taken whilst reiterating the opportunities we believe will present themselves in 2017. Our monthly factsheet in this unique instance will refer to this Report to avoid repetition. If you did not receive a copy of the Report then please send an email to info@capricorncapital.com.

The top 5 gainers in November were all shorts and thus we won't be naming them specifically however they were diverse by geography and sector. The top gainer was a short in the Brazilian consumer space. Second largest gainer was a short in a South East Asian chicken producer. A short in the Brazilian banking space, a short in the Turkish market and a short in the Philippines energy space rounded up the top five gainers. If you look further down the gainers it remains very biased to the short side for November.

The top five detractors were equally as diverse with certain themes tearing through our long book, most notably the selloff in South East Asia and Mexico. The top detractor was long-time favourite Naspers - the stock has been under stress throughout 2016 and was down 10% for the month. Liverpool of Mexico was the second largest loss falling 16% - this position has been exited and may be returned to when there is greater clarity on the direction of the Mexican market. As a consequence we have reduced our exposure to Mexico. Bumi Serpong of Indonesia, Xurpas of the Philippines and MYEG of Malaysia rounded out the top five detractors. Xurpas and MYEG represent two outstanding opportunities which are mentioned in the Report and we would urge investors to consult this. Both Companies are transformational with structural growth underpinning the core businesses whilst the stocks have substantial optionality on yet to be realised opportunities.

We have found the market and some of its dislocations particularly bewildering at times. It is these dislocations and unusual movements within the market that we believe have provided us a good opportunity set from which to start 2017.

EuroHedge
Awards 2015

WINNER

EMERGING MARKET EQUITY

HFM
AWARDS
WINNER 2015
EUROPEAN PERFORMANCE AWARDS

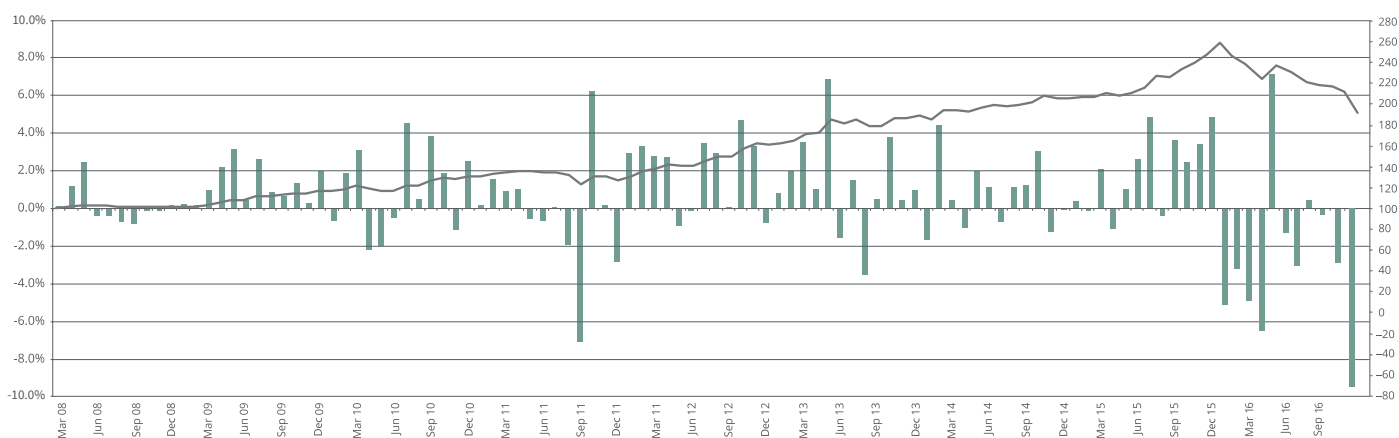
CAPRICORN GEM FUND CONTINUED



Historical Monthly Returns (Class A - USD)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008			0.1%	1.2%	2.5%	(0.4%)	(0.4%)	(0.7%)	(0.8%)	(0.1%)	(0.1%)	0.2%	1.6%
2009	0.2%	0.2%	1.0%	2.2%	3.2%	0.5%	2.7%	0.9%	0.7%	1.4%	0.3%	2.0%	16.3%
2010	(0.6%)	1.9%	3.1%	(2.1%)	(2.0%)	(0.5%)	4.6%	0.6%	3.8%	1.9%	(1.1%)	2.6%	12.6%
2011	0.2%	1.6%	1.0%	1.1%	(0.5%)	(0.6%)	0.1%	(1.9%)	(7.0%)	6.3%	0.2%	(2.8%)	(2.9%)
2012	3.0%	3.3%	2.8%	2.7%	(0.9%)	(0.1%)	3.5%	3.0%	0.1%	4.7%	3.3%	(0.7%)	27.4%
2013	0.8%	2.0%	3.6%	1.1%	6.9%	(1.5%)	1.6%	(3.5%)	0.5%	3.8%	0.5%	1.0%	17.7%
2014	(1.6%)	4.4%	0.5%	(1.0%)	2.0%	1.1%	(0.7%)	1.1%	1.2%	3.1%	(1.2%)	(0.0%)	9.2%
2015	0.4%	(0.1%)	2.1%	(1.1%)	1.1%	2.7%	4.9%	(0.4%)	3.7%	2.5%	3.5%	4.8%	26.7%
2016	(5.2%)	(3.2%)	(4.9%)	(6.5%)	7.1%	(1.4%)	(3.1%)	0.4%	(0.4%)	(2.9%)	(9.6%)		(26.6%)

Date: as at 30/11/2016 (net of fees). Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd



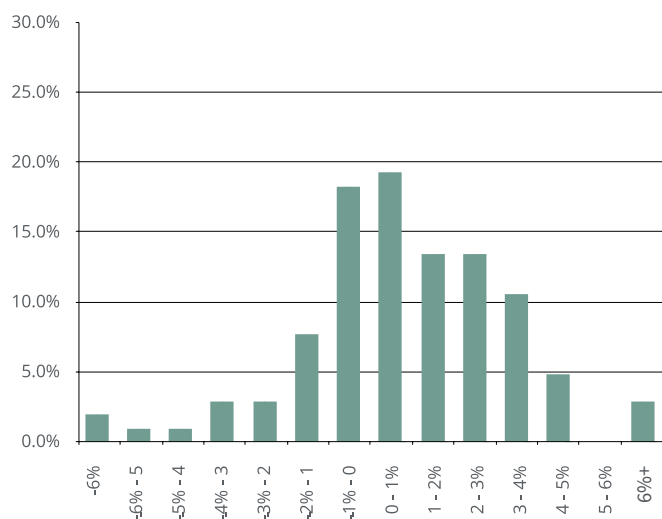
% Monthly Return

Cumulative Monthly Return

CAPRICORN GEM FUND CONTINUED



Frequency distribution of Returns



Statistics

Assets Under Management (USD)	109m
Gross exposure	133%
Net Exposure	40%
% of positive months	64%
% of negative months	36%
Annualised monthly volatility (historic)	9.4%
Average positive monthly return	2.1%
Average negative monthly return	(1.9%)
Sharpe Ratio	0.9
Maximum monthly drawdown	(9.6%)
Maximum cumulative drawdown	(26.6%)

Exposure

Sector Exposure	Gross	Net
Financials	31%	9%
Industrials	22%	11%
Consumer Discretionary	18%	18%
Consumer Staples	18%	(1%)
Information Technology	18%	6%
Materials	9%	3%
Health Care	4%	4%
Telecommunication Services	4%	(4%)
Hedge	3%	(2%)
Utilities	3%	(3%)
Energy	3%	(1%)
Grand Total	133%	40%

Country Exposure (based on Revenue split of Invested Companies)	Gross	Net
Africa	50%	9%
Asia Ex-China	42%	32%
South America	9%	6%
Middle East	9%	(6%)
Europe	7%	0%
Eastern Europe	4%	(4%)
North America	3%	(3%)
Russia	3%	3%
China	3%	2%
ROW	2%	1%
Australia	1%	0%
Grand Total	133%	40%

All data:

Date: as at 30/11/2016 (net of fees).

Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

CAPRICORN GEM FUND CONTINUED



 Important Information

ALL DATA:

as at 30 November 2016 (net of fees) Source: Quintillion Limited & Capricorn Fund Managers (Pty) Ltd

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 CONTACT INFORMATION

Investment Manager

Capricorn Fund Managers Limited
Malta House
36-38 Piccadilly
London
W1J ODP
United Kingdom

For enquiries please contact**Jonty Champion**

T: +44 207 317 4411

E: jcampion@capricorncapital.com

Authorised and regulated by the Financial Conduct Authority

FRN: 505252

Investment Adviser

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

For enquiries please contact**Stephan Engelbrecht**

T: +27 11 666 0748

E: stephane@capricorncapital.com

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