

# Capricorn Sanlam Collective Investments Stable Retail Hedge Fund



January 2017 · Fund Performance

## Objective

The CAPRICORN SANLAM COLLECTIVE INVESTMENTS STABLE RETAIL HEDGE FUND is a Rand denominated South African long/short equity hedge fund. The primary objective of the CAPRICORN SANLAM COLLECTIVE INVESTMENTS STABLE RETAIL HEDGE FUND is to provide a stable return with as little volatility as possible. The Portfolio shall have a strong focus on capital preservation, targeting an absolute return in excess of cash.

## Summary Statistics

	CURRENT NAV	1 YEAR RETURN	3 YEAR ANNUALISED RETURN	3 YEAR CUMULATIVE RETURN	10 YEAR ANNUALISED RETURN	10 YEAR CUMULATIVE RETURN	ANNUALISED* RETURN SINCE INCEPTION	CUMULATIVE RETURN SINCE INCEPTION
<b>Fund</b>	<b>R584m</b>	<b>(8.7%)</b>	<b>7.8%</b>	<b>25.4%</b>	<b>11.8%</b>	<b>205.1%</b>	<b>14.4%</b>	<b>520.4%</b>
<b>Benchmark (CPI)</b>	<b>N/A</b>	<b>6.8%</b>	<b>5.8%</b>	<b>18.3%</b>	<b>6.3%</b>	<b>83.4%</b>	<b>5.5%</b>	<b>104.8%</b>

Date: 31/01/2017 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

The JSE All Share Index launched into 2017 with a very strong return of 4.3% in January. This number is however misleading, as the market was carried by the resource sector (up 10.4%) and Naspers (up 6.14%). The rest of the market struggled with ZAR hedges and the financial sector in particular, posting negative returns. In the face of this dispersion the fund returned a satisfactory performance, returning 0.7%.

Significant contributors to returns stemmed from our long-held position in Naspers, our long positions in the resource sector and our short positions in the South African Industrial space. We continue to see significant value in Naspers. Most of its underlying operations continue to perform well and we expect to see further value enhancing transactions in its various operations. Strong returns were also achieved from our long positions in Anglo American and African Rainbow Minerals. Although we continue to struggle to justify the prevailing prices of the bulk commodities, the cash flow being generated by the commodity companies in the current environment is difficult to ignore. We will thus remain long of the space, but are very aware of the risks associated with it and will react swiftly if the conditions change.

Losses were suffered in our long positions in Steinhoff International and Curro Holdings. Steinhoff continued to underperform after the announcement that they intend to merge their African operations with Shoprite. We continue to see value in Steinhoff. In our view, the current underperformance is completely driven by sentiment and is ignoring the strong fundamental growth story that Steinhoff presents. Our long-held position in Curro Holdings also contributed to losses in January. We continue to see the rise of private education in South Africa as a key thematic play in our portfolio.

The market continues to see the glass half full since the election of Donald Trump as the US president. With some very lacklustre numbers being reported by many South African companies the market continues to be willing to look through the current numbers and believe that the earnings profile will improve in the near future. Although we are of the view that the SA economy has bottomed, we believe that the market is being a little too bullish on the growth of a few companies. With the valuations of many South African companies having converged through 2016, we continue to see significant opportunity to generate alpha over the coming 12 to 18 months.

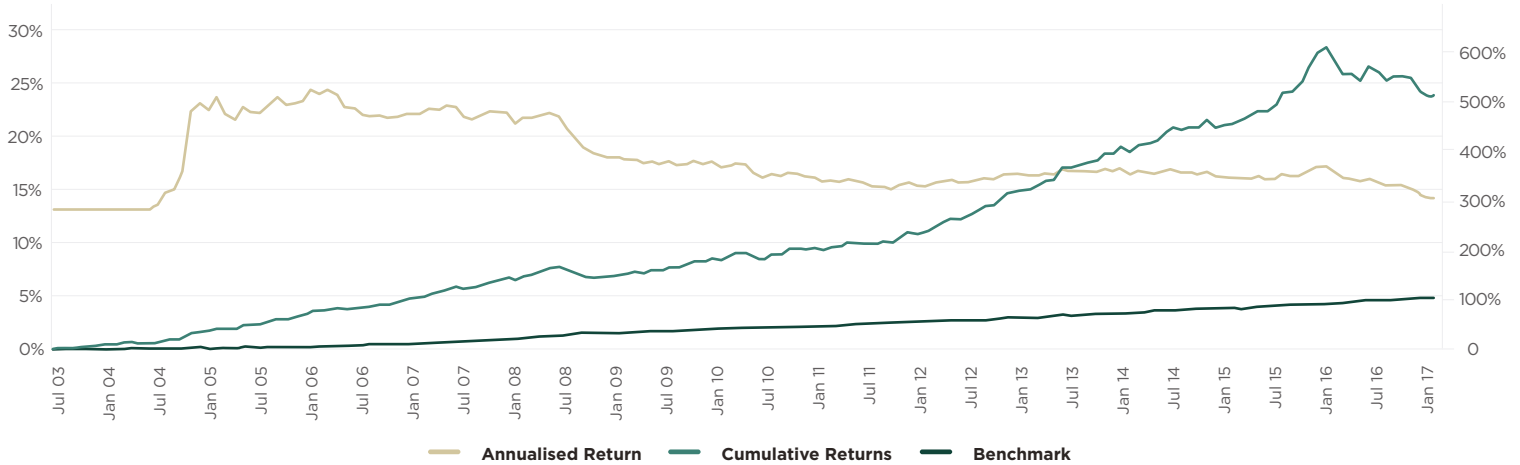
The information contained in this document are the views of the Fund Manager and does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, and should be read in conjunction with the MDD. Use of or reliance on this information is at own risk. Independent professional financial advice should be sought before making any investment decision.

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## Graphical Representation of Historical Monthly Returns



Date: 31/01/2017 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

## Historical Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark YTD
2003							0.9%	0.7%	0.5%	2.0%	2.0%	2.4%	<b>8.8%</b>	<b>-1.6%</b>
2004	1.8%	0.2%	2.0%	0.5%	(1.5%)	0.8%	1.4%	2.2%	1.6%	3.1%	8.2%	2.5%	<b>25.1%</b>	<b>3.7%</b>
2005	1.1%	3.2%	(0.6%)	1.0%	3.4%	1.0%	1.7%	2.8%	2.8%	0.6%	1.9%	2.3%	<b>23.5%</b>	<b>3.4%</b>
2006	4.0%	1.1%	2.3%	1.0%	(0.8%)	1.3%	0.4%	1.3%	1.6%	0.9%	1.7%	2.5%	<b>18.6%</b>	<b>5.3%</b>
2007	2.1%	1.8%	2.9%	1.7%	2.6%	1.3%	(1.4%)	0.7%	2.7%	3.5%	1.7%	1.5%	<b>23.0%</b>	<b>8.6%</b>
2008	(2.8%)	4.3%	1.6%	2.6%	2.5%	0.6%	(3.1%)	(2.4%)	(2.8%)	(0.5%)	0.5%	0.5%	<b>0.7%</b>	<b>10.6%</b>
2009	1.3%	0.4%	1.4%	(0.5%)	2.1%	0.4%	2.2%	0.1%	1.5%	2.9%	(0.1%)	2.5%	<b>15.7%</b>	<b>5.9%</b>
2010	(1.5%)	2.4%	2.6%	0.2%	(2.9%)	(1.4%)	3.5%	(0.2%)	3.7%	0.9%	(1.1%)	0.9%	<b>7.1%</b>	<b>3.5%</b>
2011	(1.5%)	2.3%	0.7%	2.3%	0.2%	(1.1%)	0.0%	1.1%	(0.4%)	3.5%	3.1%	(1.1%)	<b>9.2%</b>	<b>6.2%</b>
2012	1.2%	3.2%	2.4%	2.4%	(0.8%)	1.5%	3.3%	2.5%	0.6%	4.0%	2.2%	1.0%	<b>26.1%</b>	<b>5.6%</b>
2013	0.3%	1.4%	2.8%	1.0%	5.0%	0.4%	1.1%	0.7%	1.0%	3.1%	0.4%	2.6%	<b>21.6%</b>	<b>5.3%</b>
2014	(2.8%)	3.3%	0.6%	0.5%	3.5%	2.1%	(0.7%)	0.7%	(0.0%)	3.0%	(3.1%)	1.3%	<b>8.5%</b>	<b>5.8%</b>
2015	0.1%	1.5%	1.4%	1.8%	0.2%	1.9%	4.5%	0.1%	2.3%	5.5%	4.9%	1.6%	<b>28.6 %</b>	<b>4.8%</b>
2016	(4.3%)	(3.7%)	0.1%	(2.0%)	4.6%	(1.7%)	(2.7%)	1.5%	(0.2%)	(0.5%)	(3.9%)	(0.9%)	<b>(13.3%)</b>	<b>6.6%</b>
2017	0.7%												<b>0.7%</b>	<b>0.4%</b>

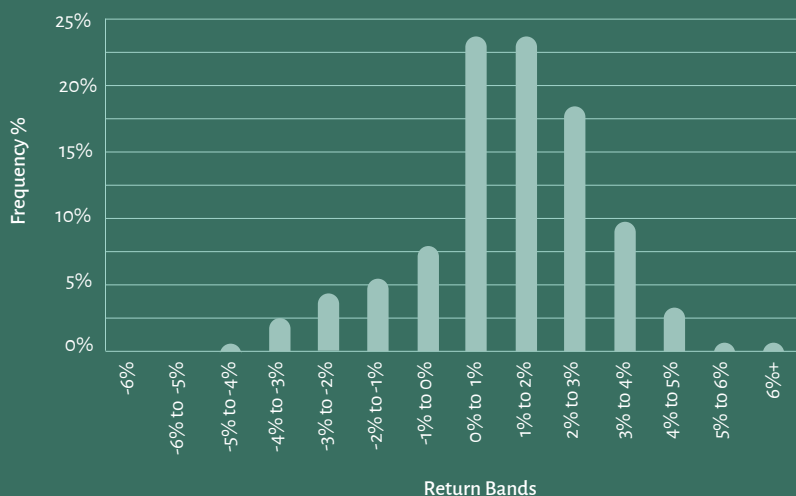
Date: 31/01/2017 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

Italicized returns are pre-tax net returns for the previously unregulated fund

Important Information: Past performance is not necessarily a guide to future performance.

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## Frequency Distribution of Monthly Returns Since Inception



## Statistics

Assets Under Management (R Million)	584m
Gross exposure	135%
Net Exposure	49%
% of positive months	79%
% of negative months	21%
Average positive monthly return	1.9%
Average negative monthly return	(1.6%)
Annualised monthly volatility (historic)	6.7%
Sharpe Ratio	1.0
Maximum monthly drawdown	(4.3%)
Maximum cumulative drawdown	(13.3%)

Date: 31/01/2017 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

Launch Date: (Regulated Fund) 01/07/2016  
Inception Date 01/07/2003



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## Contact Information

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### Investment Manager

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### Management Company

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## 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 (CPI). 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.