

# CAPRICORN MARKET NEUTRAL FUND



## OBJECTIVE

The Fund is a Rand denominated, low risk, market neutral hedge fund that employs multiple investment methodologies to construct a portfolio. It aims to deliver superior risk adjusted returns that are uncorrelated to the general market over any 12 month period by investing in JSE listed equity instruments.

	Current NAV	1 month %	6 month %	1 year %	3 year %	Annualised since launch	Since launch %
<b>MNF</b>	R331m	(2.6%)	(3.8%)	10.5%	45.4%	14.7%	71.0%

## MANAGER'S COMMENTS

The Fund suffered another tough month in April, losing 2.6% while the FTSE/JSE All Share Index returned 1.7%. This figure again fails to put into context the volatility in the underlying market constituents. The main driver of the market was the Federal Reserves' decision to keep rate hikes on hold, which combined with better economic data from China resulted in a marked strengthening in emerging market currencies and commodity prices.

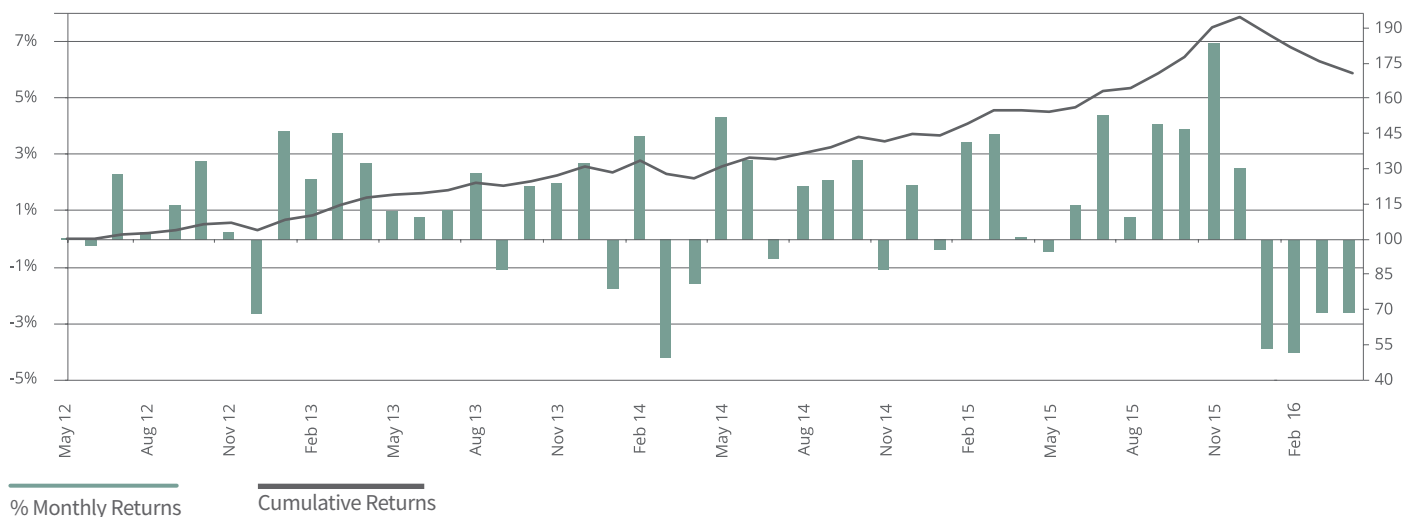
We continue to believe that the current market conditions are largely driven by sentiment and thus represents a technical bounce rather than any change in fundamentals. As a result, some of our larger long and short positions have hurt our performance during this period. We have been cognisant of the impact of market conditions on our book and have mitigated downside risk in Steinhoff and Naspers through the use of zero cost option structures. A large portion of our short book has been loss-making over the period but this is where we remain resolute that the price movements have reflected nothing more than

sentiment. We continually monitor the environment these companies operate in and it is apparent that nothing has changed in terms of the fundamental drivers of these companies.

While we have underlined the longer term investment cases for our investments, we are cognisant that market volatility can still cause further drawdowns for our portfolio. We have thus reduced our gross exposure to historically low levels during these volatile conditions. Once these current uncertain conditions abate, we will begin looking at increasing our exposures in the opportunities we have already identified.



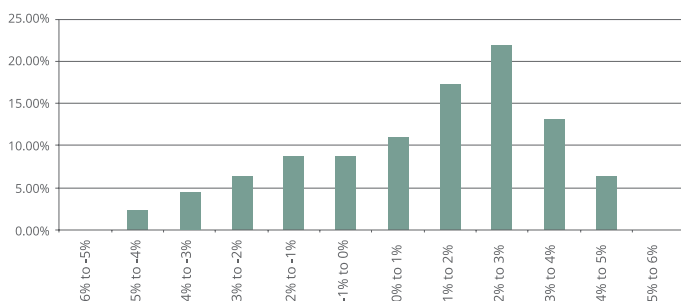
## Historical Monthly Returns



# CAPRICORN MARKET NEUTRAL FUND CONTINUED



## Histogram of Returns



## Statistics

Assets Under Management (R Million)	R331m
Gross exposure	137%
Net Exposure	8%
% of positive months	70%
% of negative months	30%
Annualised monthly volatility (historic)	8.6%
Average positive monthly return	2.5%
Average negative monthly return	(1.9%)
Sharpe Ratio	1.0
Maximum monthly drawdown	(4.2%)
Maximum cumulative drawdown	(12.3%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012						(0.6%)	2.3%	0.3%	1.2%	2.8%	0.4%	(2.6%)	<b>3.8%</b>
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%	<b>25.8%</b>
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%	<b>10.4%</b>
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%	<b>34.8%</b>
2016	(3.8%)	(4.0%)	(2.5%)	(2.6%)									<b>(12.3%)</b>

## 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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