

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 %
MNF	R245m	(2.5%)	2.6%	13.5%	53.3%	15.8%	75.5%

MANAGER'S COMMENTS

March proved to be a very challenging environment for the fund as a global risk-on rally caused the South African equity market to gain 6.4%. The global rally extended to all risky assets as the US Dollar weakened and the global emerging markets and emerging currencies rallied. The Rand also enjoyed this environment and strengthened 7.3% against the US Dollar. The fund suffered severe losses in its short book and although the long book performed very well, the fund ended the month down 2.5%.

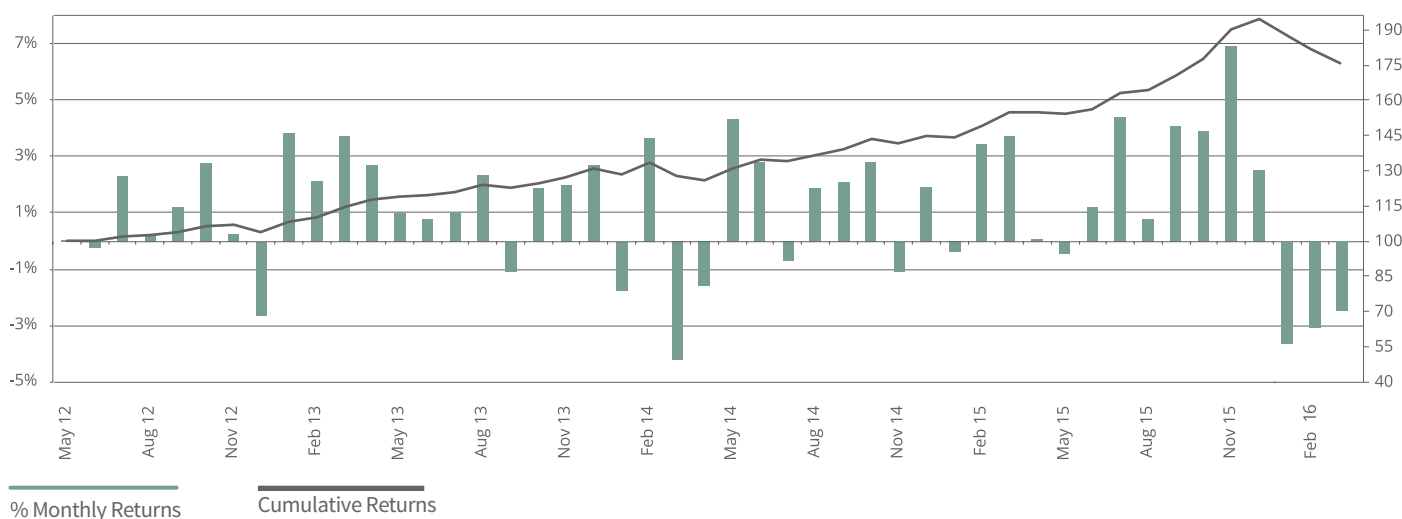
The long book performed very well in general, but standout performances were derived from Steinhoff, Naspers and Capitec. All three released results during the months (Steinhoff reported results on the last day of February) that exceeded the market expectations. All three of these core book positions continue to extract growth opportunities greater than their competitors or the economy as a whole through new revenue streams, gaining market share and cost saving initiatives. We remain happy holders of these positions.

Losses were incurred across our short book, mostly due to a re-rating in domestically exposed sectors. This re-rating occurred in a vacuum of information, with no company results highlighting that the re-rating is justified.

Our book remains positioned very conservatively with the gross exposure at the lowest levels since the inception of the fund. We believe that this is the most appropriate positioning during these very volatile times. Although we do believe that this market volatility provides some very interesting opportunities, we will enter these positions with caution until the volatility starts to subside.



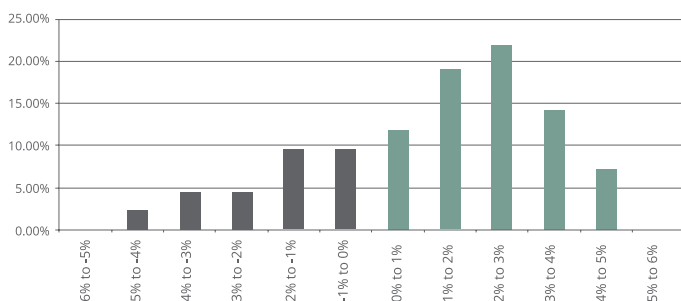
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	R245m
Gross exposure	147%
Net Exposure	8%
% of positive months	72%
% of negative months	28%
Annualised monthly volatility (historic)	8.5%
Average positive monthly return	2.5%
Average negative monthly return	(1.9%)
Sharpe Ratio	1.2
Maximum monthly drawdown	(4.2%)
Maximum cumulative drawdown	(9.9%)

	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%)	3.8%
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%
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%
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%
2016	(3.8%)	(4.0%)	(2.5%)										(9.9%)

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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