

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 %
MNF	R332m	5.7%	(4.9%)	17.2%	52.2%	15.9%	80.7%

MANAGER'S COMMENTS

The fund experienced a positive month returning 5.7%, with a complete reversal of the drivers in the prior month. The FTSE/JSE All Share Index returned 1.8% in May and the US dollar index appreciated by 3%. Strengthening dollar caused commodity prices to pare some of their gains and this was compounded by Chinese authorities stepping in to curb the excessive trading by speculators in commodities like iron ore and steel.

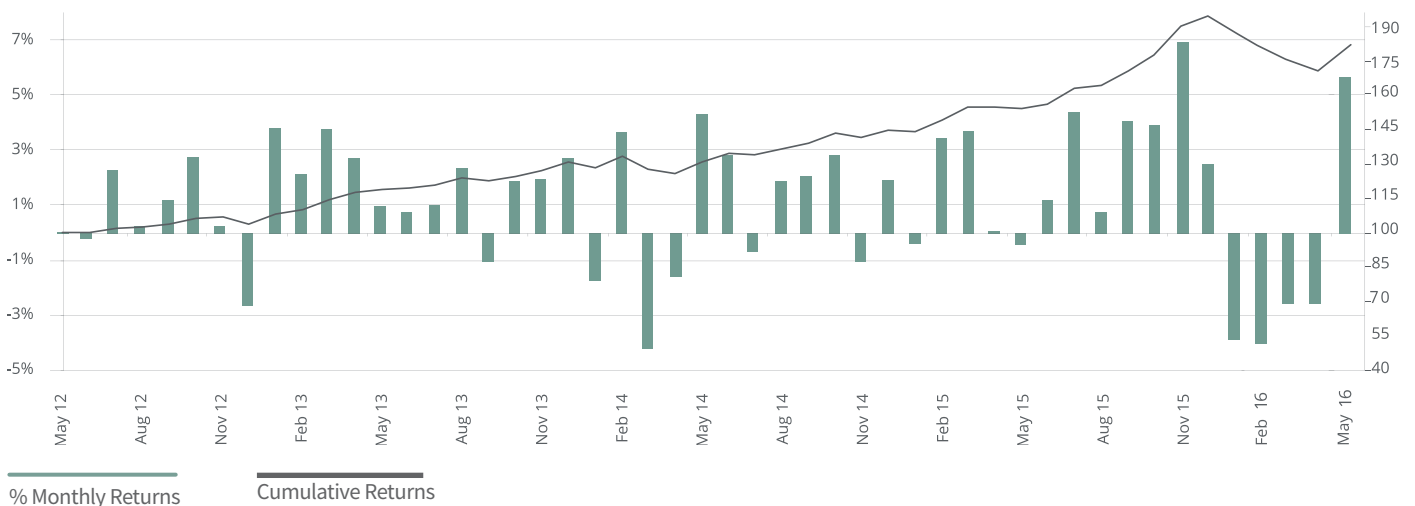
Profits were generated in both the long and the short books. Naspers continued to perform on the back of very strong numbers reported by Tencent, who continue to successfully add more services on its installed user platforms. These additional services make the revenue generating potential of Tencent a truly exciting prospect. We generated profits across the board in our short book especially in those names which caused the most pain in the previous month. Our shorts in the South African industrial space proved profitable as lacklustre earnings

were reported in those counters, which supported our view that the economic climate has not yet turned positive for local industry.

Although we are very pleased with the month for our investors, the volatility of the fund remains front of mind. The construction of the book is being thoroughly interrogated to ensure that it has a balanced profile. We continue to run very low gross exposure in the face of this volatility, and will participate in dislocations presented in a cautious manner.



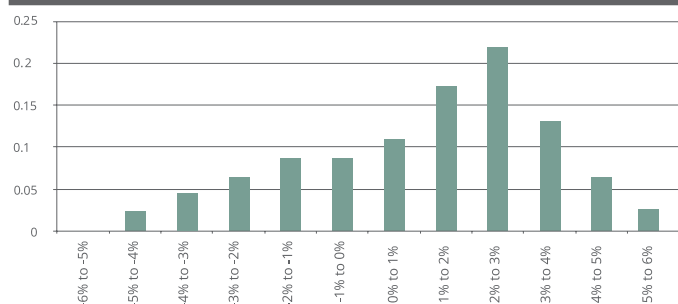
Historical Monthly Returns



CAPRICORN MARKET NEUTRAL FUND CONTINUED



Histogram of Returns



Statistics

Assets Under Management (R Million)	R332m
Gross exposure	135%
Net Exposure	10%
% of positive months	71%
% of negative months	29%
Annualised monthly volatility (historic)	8.8%
Average positive monthly return	2.6%
Average negative monthly return	(1.9%)
Sharpe Ratio	1.1
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%)	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%)	(2.6%)	5.7%								(7.3%)

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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