

# Capricorn Sanlam Collective Investments Stable Retail Hedge Fund



January 2018 · 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>R387m</b>	<b>8.9%</b>	<b>6.9%</b>	<b>22.3%</b>	<b>11.0%</b>	<b>183.7%</b>	<b>14.0%</b>	<b>575.7%</b>
<b>Benchmark (CPI)</b>	<b>N/A</b>	<b>3.0%</b>	<b>5.0%</b>	<b>15.7%</b>	<b>5.7%</b>	<b>73.6%</b>	<b>5.3%</b>	<b>110.9%</b>

Date: 31/01/2018 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 year started off in the normal lackluster fashion for the first two weeks of 2018. After a strong performance during the fourth quarter of 2017, the FTSE/JSE SWIX gave back 0.7%. The rest of the world markets got off to a flying start with the MSCI SA lacking major conviction being up 2.7% as compared to the MSCI World which was up 5.2% and the MSCI EM up 8.3%.

We are very pleased that our positive and constructive outlook on the South African consumer environment and economy started to come to fruition in December 2017 as the local market added significant gains during the latter part of the month with the help of positive political sentiment boost. Against the backdrop of the strong rally we've seen amongst banks, retailers and industrials, January provided a healthy consolidation for these stocks.

Given the fund's constructive positioning on South African assets some losses were suffered in our core long positions. Majority of the losses were suffered in our holdings in Capitec (-27.1%) and PSG Group (-17.8%) after Viceroy released a report on Capitec towards the latter part of the month. We view the quality, style and nature of the report as poor research and grossly irresponsible. We have always been comfortable with the Capitec business model, provisioning for bad debts and overall financial reporting. Management has done well to address all the points raised in the reports in great detail. Given this, the fund returned -3.0% for the month.

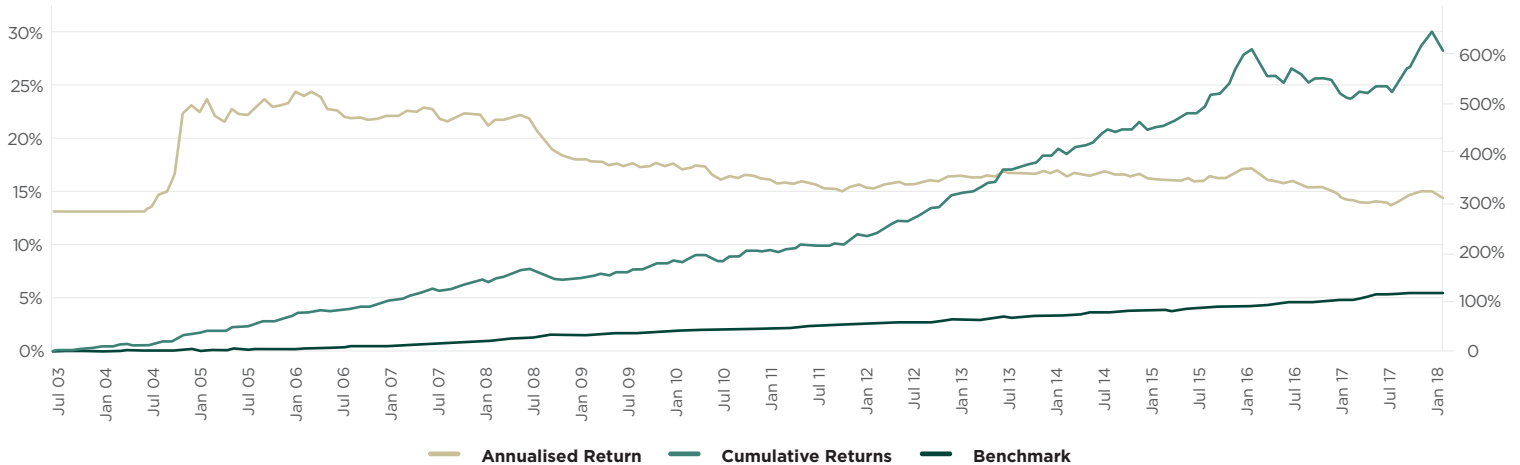
We remain optimistic and confident in the fund's positioning with a constructive outlook on South African assets. There are a few macro indicators signaling that South Africa might be on the brink of rebounding from a prolonged and deep downward spiral in growth and confidence, namely, 1) inflation continues to remain subdued, 2) PMI data suggests much more optimism (and investment) in the year ahead, 3) retail sales continue to climb, 4) FNB house price data shows that the gauge on demand strength is back in positive territory and 5) the SARB Leading Indicator is pointing to the sky. These are fundamental economic truths which cannot be ignored – couple this with a transforming political landscape and we might very well see South Africa ushering in a new era of growth. We expect notable earnings upgrades to come through on many South African companies over the course of the next few months.

We believe that the fund is ideally positioned to take advantage of and capitalise on a healthier and more confident South African consumer and business environment.

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 of 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: 31/01/2018 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%	0.7%	(0.1%)	1.8%	0.0%	(1.9%)	2.9%	5.3%	0.4%	4.1%	1.7%	(2.9%)	<b>13.1%</b>	<b>4.6%</b>
2018	(3.0%)												<b>(3.0%)</b>	<b>(1.2%)</b>

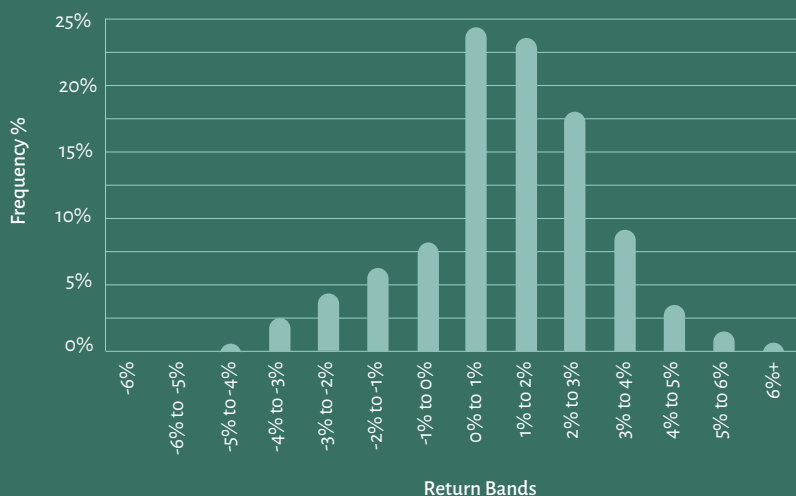
Date: 31/01/2018 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

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

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

# Capricorn Sanlam Collective Investments Stable Retail Hedge Fund

## Frequency Distribution of Monthly Returns Since Inception



## Statistics

Assets Under Management (R Million)	387m
Gross exposure	165%
Net Exposure	48%
% of positive months	78%
% of negative months	22%
Average positive monthly return	1.9%
Average negative monthly return	(1.7%)
Annualised monthly volatility (historic)	6.8%
Sharpe Ratio	0.9
Maximum monthly drawdown	(4.3%)
Maximum cumulative drawdown	(13.3%)

Date: 31/01/2018 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.