

Capricorn Sanlam Collective Investments Stable Retail Hedge Fund



February 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 |
|------------------------|--------------|---------------|--------------------------|--------------------------|---------------------------|---------------------------|------------------------------------|-----------------------------------|
| Fund | R384m | 8.7% | 6.6% | 21.1% | 10.6% | 173.5% | 14.0% | 579.2% |
| Benchmark (CPI) | N/A | 4.4% | 5.7% | 18.2% | 5.7% | 73.9% | 5.4% | 115.0% |

Date: 28/02/2018 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 fund posted a very pleasing return during the month of February against an extremely volatile global equity market backdrop. Global equity markets sold off across the board and posted major declines lead by the US market as fears of the impact of rising yields began to weigh on investors. The FTSE/JSE All Share Index returned -2.0% for the month. We are pleased with the fund's performance of +0.5% in a very tough and volatile market.

With the renewed sense of confidence and optimism that is sweeping through the South African economy, February once again saw strong net buying from foreigners of local equities. The fund was well positioned to benefit from a rally in local stocks including retailers and banks. In addition, the listed property index declined 9.9% and the fund's positioning enabled it to capitalise on this decline, which contributed meaningfully to the return for the month.

Among the detractors for the month was British American Tobacco. Although the company reported a good set of results marked by a positive growth outlook for their Next Generation Products, concerns about rising yields put pressure on the stock. We believe that at its current valuation British American Tobacco is offering a very attractive risk/return opportunity.

We believe the portfolio is well positioned to not only withstand global market volatility, and in some instances even benefit from it, but also to capitalise on the improvement in the South African economy. We continue to believe that this renewed optimism in South Africa by investors, corporates and consumers will continue to support the local equity market.

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: 28/02/2018 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% | 8.8% | -1.6% |
| 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% | 25.1% | 3.7% |
| 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% | 23.5% | 3.4% |
| 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% | 18.6% | 5.3% |
| 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% | 23.0% | 8.6% |
| 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% | 0.7% | 10.6% |
| 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% | 15.7% | 5.9% |
| 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% | 7.1% | 3.5% |
| 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%) | 9.2% | 6.2% |
| 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% | 26.1% | 5.6% |
| 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% | 21.6% | 5.3% |
| 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% | 8.5% | 5.8% |
| 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% | 28.6 % | 4.8% |
| 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%) | (13.3%) | 6.6% |
| 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%) | 13.1% | 4.6% |
| 2018 | (3.0%) | 0.5% | | | | | | | | | | | (2.5%) | 0.8% |

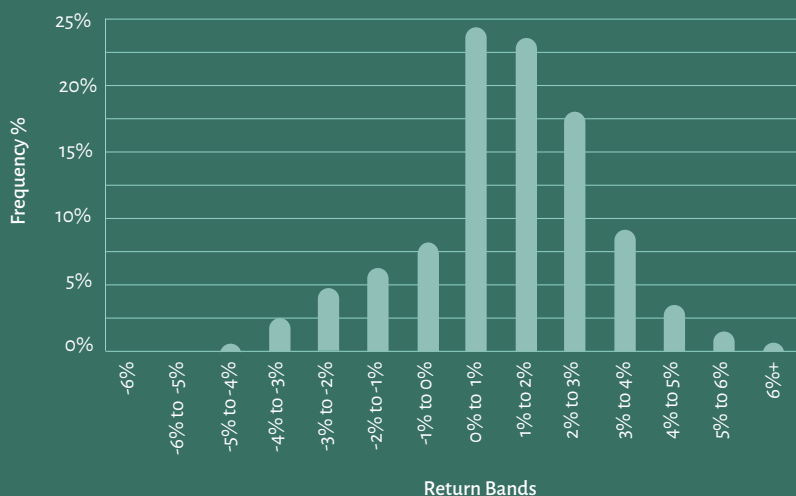
Date: 28/02/2018 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

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

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

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Frequency Distribution of Monthly Returns Since Inception



Statistics

| | |
|--|---------|
| Assets Under Management (R Million) | 384m |
| Gross exposure | 178% |
| Net Exposure | 43% |
| % 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: 28/02/2018 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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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.