

# Capricorn Sanlam Collective Investments Stable Retail Hedge Fund



April 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>R376m</b>	<b>6.0%</b>	<b>5.1%</b>	<b>16.2%</b>	<b>10.0%</b>	<b>160.1%</b>	<b>13.7%</b>	<b>573.2%</b>
<b>Benchmark (CPI)</b>	<b>N/A</b>	<b>3.8%</b>	<b>5.4%</b>	<b>17.1%</b>	<b>5.6%</b>	<b>72.2%</b>	<b>5.4%</b>	<b>117.5%</b>

Date: 30/04/2018 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 second quarter of 2018 started off on a very muted note after volatility returned with a vengeance and resulted in a sharp market sell-off during the first quarter. With April being filled with public holidays in South Africa along with a quiet spot as far as corporate earnings goes, the market was largely tossed around by global macro and political headlines. One of the big moves of April came from the USD with the Bloomberg DXY Index ending up 1.5%, the strongest monthly gain for the last 18 months. As usual, the ZAR proved to be a high beta play on the strong dollar, dropping 5% against the USD and 3.3% against the EUR and GBP. SA bond and equity performance was largely a textbook play on the ZAR move: equities moved up (by a total return of 5.4% for the month) and bonds moved down (-0.4% over the month). What was more surprising was the strong rally in commodities over the last month, which posted gains in the face of a stronger Dollar: oil prices were up 7% in April and the CRB metals index gained 1.7%. This helped push SA resources up 8.7%.

Against this backdrop the fund posted a return of -0.3% for the month. Most notable gainers were Bidcorp (+11.2%) and Naspers (+5.8%). Given the fund's constructive positioning on South African exposure, the lackluster performance of local retail stocks during the month of April were the main detractors from performance. The fund's small exposure to commodities was also a detractor from relative performance.

We continue to firmly stand behind our positive outlook on South African equities going forward. This is underpinned by two important data releases during April: a) inflation again surprised to the downside for March 2018 coming in at 3.8% (YoY) and b) the BER Consumer Confidence Index delivered a record improvement from a reading of -8 in Q4 2017 to +26 for Q2 2018. The BER Business Confidence Index also jumped by 11 points from 34 to 45 in Q1 2018. An increase of such magnitude is rare: since 1975, this index rose by 11 points or more on only 15 occasions. All of this bodes well for both consumers and corporates. There has been clear evidence historically of soft data (sentiment) readings preceding the actual hard data and we believe this to be the case now as well.

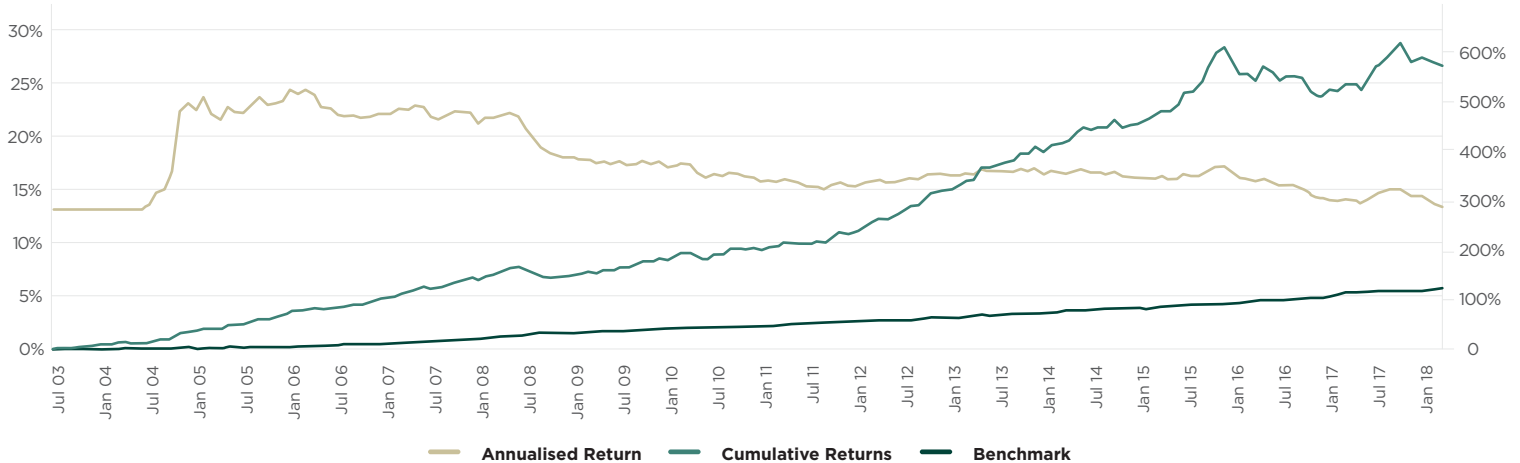
Markets are now entering a seasonally weaker part of the year with the US heading into summer holidays and a lighter earnings calendar from a South African perspective. With this in mind we are excited by the fund's positioning and believe that the attractive valuations of South African equities and improving macro momentum will lead to the growth momentum we are positioned for and upon which the fund will ultimately capitalise.

Thank you for your continued support. We look forward to updating you again next month.

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: 30/04/2018 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%)	0.5%	(0.6%)	(0.3%)									<b>(3.4%)</b>	<b>1.9%</b>

Date: 30/04/2018 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)	376m
Gross exposure	185%
Net Exposure	42%
% of positive months	78%
% of negative months	22%
Average positive monthly return	1.9%
Average negative monthly return	(1.6%)
Annualised monthly volatility (historic)	6.8%
Sharpe Ratio	0.9
Maximum monthly drawdown	(4.3%)
Maximum cumulative drawdown	(13.3%)

Date: 30/04/2018 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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## 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.