

Fund Managers Thoughts

The global trade war intensified in June, in conjunction with the emerging markets (EM) peer group remaining volatile, SA Inc. sold off in the month. Furthermore, the announcement of negative 2.2% GDP growth in the first quarter was a reality check to the market that expected a significant turnaround in momentum since Ramaphoria.

Through the EM sell off, The Foschini Group, Standard Bank and Blue Label Technologies led the losses in our portfolio, although our international portfolio limited the losses of the SA Inc sell off. We continued to reduce exposure to highly rated stocks that could disappoint at earnings results (Dischem, Mr Price, Truworths, Coronation) which proved to be the right decision in June. With our view of the Rand trading significantly stronger than its EM peers, we rotated into BHP Billiton, Glencore and Sappi which rallied in June. Our offshore portfolio outperformed in the period contributing to performance when SA Inc. remained under pressure. Due to the volatility of the Argentine currency, our exposure in the region fell due to the EM sell off. We have since exited the positions after the first selloff and avoided the future selloffs.

Fund Managers



Matthew Auerbach

Fund Manager
M.COM, CA(SA), CFA
15 yrs industry experience



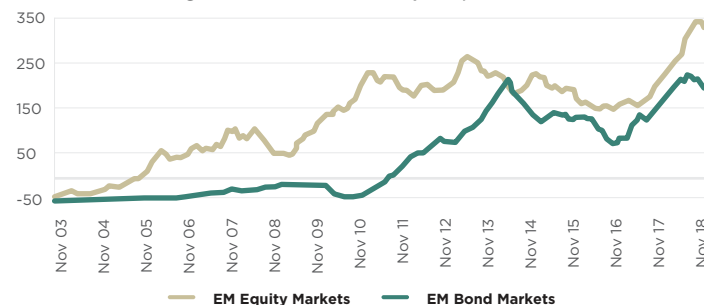
Seten Naidoo

Fund Manager / Analyst
BBuSci (Fin Hons)
8 yrs industry experience
Top rated equity analyst

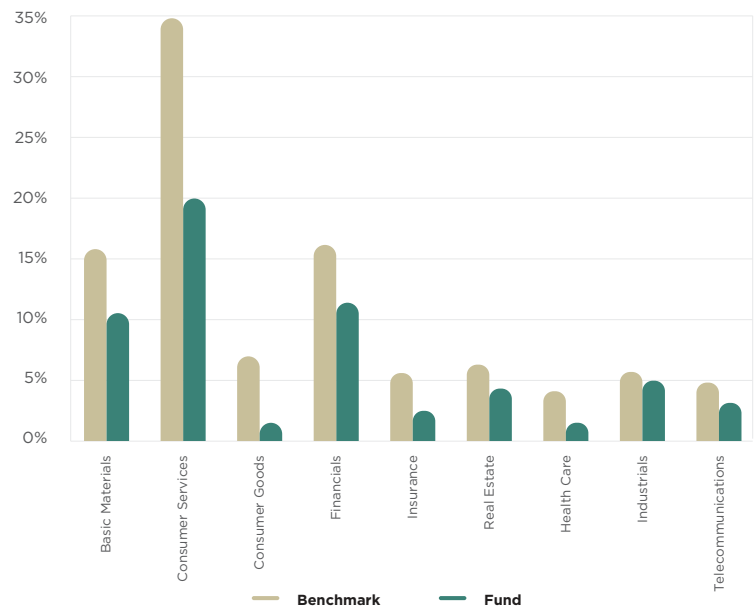
Positioning Our Portfolio

Global trade wars, higher US yields, a European Union on the brink of tapering and EM peers going through turmoil will not be positive for emerging markets. Furthermore we are cautious that the economy fails to create jobs and growth. Eskom, Lonmin and Impala Platinum are looking to restructure jobs in the next 12 months which could result in a further 40,000 jobs shed in an already weak economy. Capricorn has a fairly balanced portfolio with an increased exposure to commodities and offshore stocks until confidence returns in SA Inc. We expect a near term relief rally off current lows which we have strategically positioned for. The ZAR currently trades 16% weaker than the start of last quarter. Consequently, we believe pockets of value exist in quality Rand hedges that are yet to price this in, namely Aspen and Sappi. In our view we are likely to repeat 2017, where a mediocre start to the year was followed by an aggressive rally into year end, assisted by the current weaker ZAR environment.

EM Flows reversing. Start of a trend or temporary setback?



Sector weightings: Benchmark vs Fund



Date: as at 30/06/2018 Source: Capricorn Fund Managers (Pty) Ltd

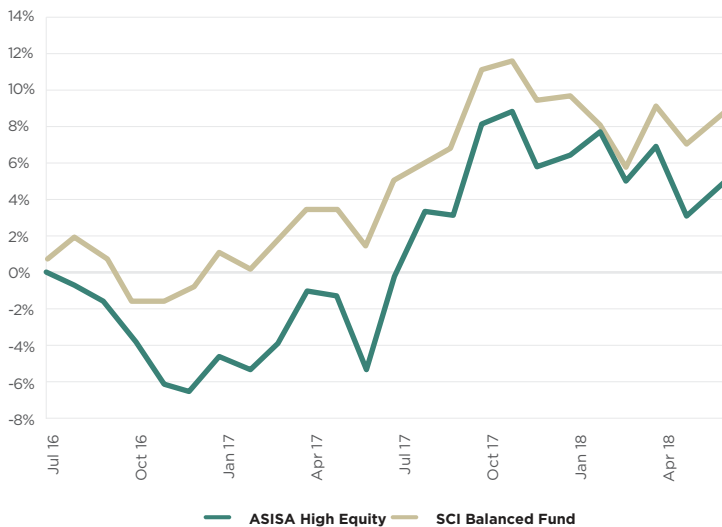
Why choose our fund

The Capricorn Sanlam Collective Investments Balanced Fund is a well-diversified portfolio housing moderate risk qualities with the primary objective of capital preservation, while generating long term real returns. The portfolio invests in a combination of equities, bonds, money market instruments, listed property as well as international equities and fixed interest investments to diversify return streams and reduce risk. This fund has a maximum equity exposure of 75% and maximum allocation of 25% to offshore asset classes. The fund is Reg 28 compliant, therefore suitable for pension funds and retirement savings.

Fund Facts	
Portfolio Size	R424m
Minimum Investment	R100,000
Manager Annual Fee	1.02%
Launch Date	01/07/2016
Benchmark	Asisa Multi Asset High Equity

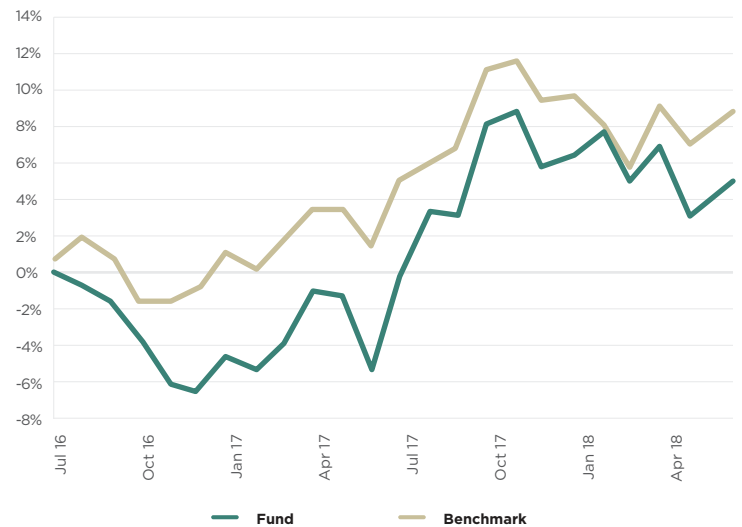
Date: 30/06/2018 Source: Capricorn Fund Managers (Pty) Ltd
 *Annualised Return is calculated from the historical returns of the fund since inception and is the annual growth rate that gets you from the initial investment value to the ending investment value if you assume that the investment has been compounding annually over the time period.

Inception to date

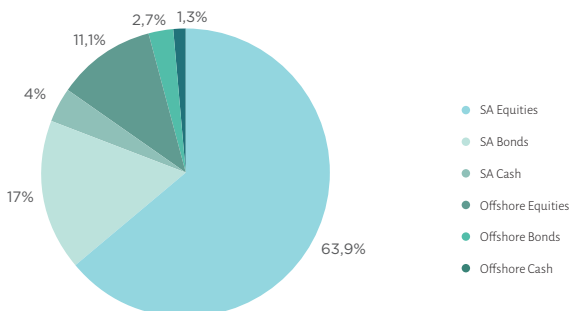


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Cumulative Performance Since Inception



Equity Asset Allocation



Date: as at 30/06/2018. Source: Capricorn Fund Managers (Pty) Ltd
www.capricornfundmanagers.com

Largest Holdings

- | | |
|--------------------|--------------------------|
| Naspers | Balwin |
| The Foschini Group | Mr Price Group |
| Standard Bank | British American Tobacco |
| Capitec | BHP Billiton |
| Libstar | Tencent |
| Glencore | |

Historical Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark
2016							(0.0%)	(0.5%)	(1.4%)	(1.5%)	(2.5%)	(0.4%)	(6.1%)	(0.9%)
2017	1.8%	(0.5%)	1.2%	2.8%	(0.2%)	(3.9%)	5.0%	3.3%	(0.2%)	5.1%	0.5%	(3.1%)	11.9%	9.9%
2018	0.8%	1.1%	(2.4%)	1.9%	(3.6%)	1.5%							(0.8%)	(0.1%)

Date: as at 30/06/2018 (net of fees). Source: Capricorn Fund Managers (Pty) Ltd

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 (Asisa Multi Asset High Equity). 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.

Contact Information

Investment Manager

Capricorn Fund Managers (Pty) Limited
 Capricorn House
 32 Impala Rd
 Chislehurst
 2196
 South Africa

Management Company

Sanlam Collective Investments
 RF (Pty) Ltd
 T: 0860 100 266
 E: service@sanlaminvestments.com

For enquiries please contact

Matthew Auerbach

T: +27 11 666 0719

matthewa@capricornsa.com

Licensed by the Financial Services Board
 License number: 863

For enquiries please contact

Seten Naidoo

T: +27 11 666 0738

E: setenn@capricornsa.com