

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, Sanlam and Standard Bank led the losses in our portfolio. 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. We expect a near term relief rally off current lows of which we have strategically positioned for.

Fund Managers



Matthew Auerbach

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



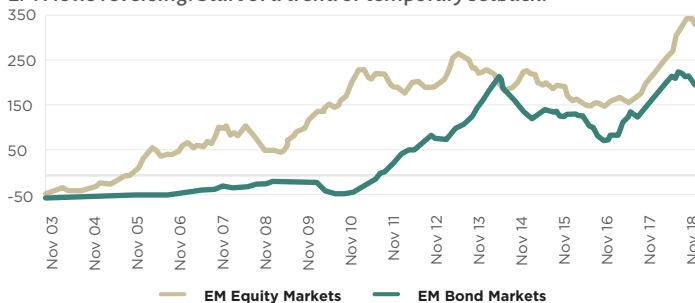
Seten Naidoo

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

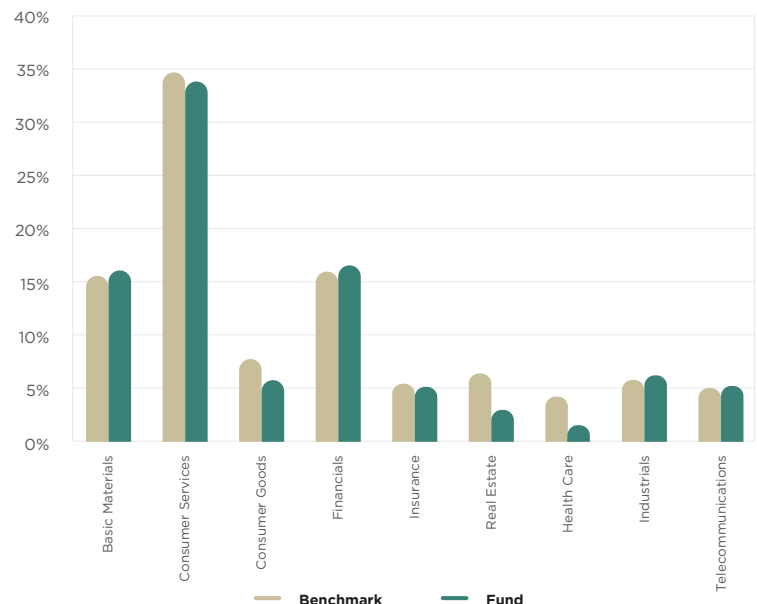
Positioning Our Portfolio

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 SA 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 believe the sell-off has been overdone and expect a near term relief rally from current depressed levels which are similar to the global financial crisis levels of 2007. 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

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. Past performance is not necessarily a guide to future performance.

Sanlam Collective Investments Equity Fund

June 2018 · Market Commentary

Why choose our fund

The Capricorn Sanlam Collective Investments Equity Fund is a well-diversified equity portfolio with the primary objective of capital growth over the medium to long term. The structure of the fund allows for maximum exposure to equities, with a minimum of 85% exposure. The fund aims to outperform the JSE All Share benchmark through exposure in Capricorn's best equity ideas. The fund has a strong focus on risk adjusted returns over the medium to long term. The Fund is managed by an award winning investment boutique firm in Capricorn Fund Managers.

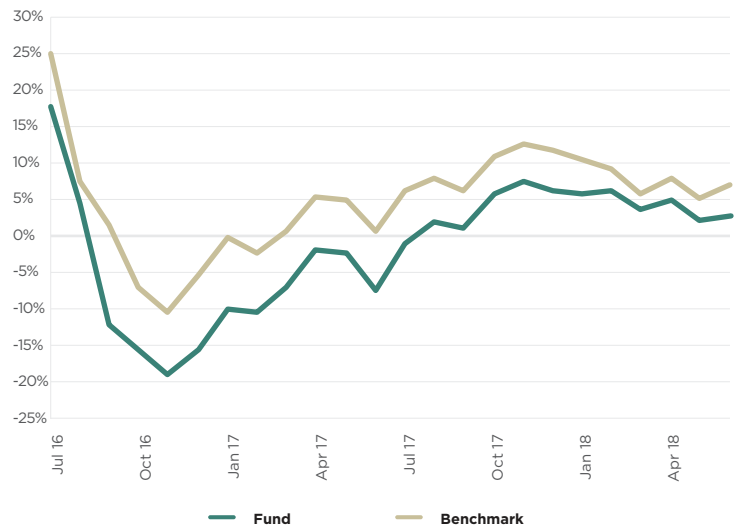
Fund Facts	
Portfolio Size	R218m
Minimum Investment	R100,000
Manager Annual Fee	1.02%
Launch Date	01/07/2016
Benchmark	Shareholder Weighted All Share Index

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.

Cumulative Performance Since Inception

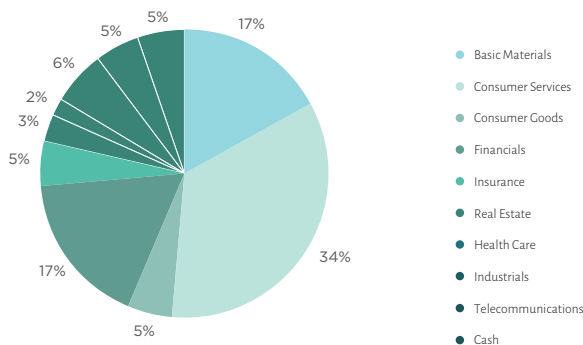


Annualised Performance Since Inception



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

Equity Asset Allocation



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

Largest Holdings

- | | |
|--------------------|--------------------------|
| Naspers | Capitec |
| Standard Bank | Barclays |
| The Foschini Group | Sanlam |
| BHP Billiton | British American Tobacco |
| Exxaro Resources | Libstar |

Historical Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark
2016							1.4%	(0.6%)	(4.1%)	(2.3%)	(3.0%)	0.2%	(8.3%)	(2.9%)
2017	2.1%	(1.2%)	2.0%	3.7%	(0.6%)	(5.6%)	6.6%	3.5%	(0.9%)	6.5%	3.0%	(1.6%)	18.1%	21.2%
2018	0.0%	1.0%	(4.0%)	2.4%	(5.4%)	1.1%							(5.0%)	(4.8%)

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 (SWIX). 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

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