

Capricorn Sanlam Collective Investments

Market Neutral Retail Hedge Fund



June 2018 · Fund Performance

Objective

The CAPRICORN SANLAM COLLECTIVE INVESTMENTS MARKET NEUTRAL RETAIL HEDGE FUND is a Rand denominated low risk, market neutral hedge fund that employs multiple investment methodologies to construct a portfolio. The primary objective of the CAPRICORN SANLAM INVESTMENTS MARKET NEUTRAL RETAIL HEDGE FUND is to deliver superior risk adjusted returns that are uncorrelated to the general market over any 12 (twelve) month period by investing in JSE listed equity instruments.

Summary Statistics

| | CURRENT NAV | 1 YEAR RETURN | 3 YEAR ANNUALISED RETURN | 3 YEAR CUMULATIVE RETURN | ANNUALISED* RETURN SINCE INCEPTION | CUMULATIVE RETURN SINCE INCEPTION |
|--------------------------|---------------|---------------|--------------------------|--------------------------|------------------------------------|-----------------------------------|
| Fund | R18.0m | 3.1% | 3.2% | 10.1% | 9.3% | 71.7% |
| Benchmark (Stefi) | N/A | 7.3% | 7.3% | 23.4% | 6.5% | 46.3% |

Date: 30/06/2018 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 month of June was dominated by trade and currency war rhetoric as President Trump commenced with tariffs on Chinese imported goods. China retaliated by imposing tariffs on certain US produce as the Chinese Yuan suffered its worst quarter since 1994. This increased concerns over capital flight which would prompt the central bank to use reserves to defend the currency.

The trade tensions and strong US Dollar continued to take its toll on emerging markets performance over the month and "SA Inc" stocks once again bore the brunt of this. With a 6% weight in the MSCI EM equities index and an 8.6% weight in the JP Morgan EM benchmark bond index, both South African equities and bonds are caught in the cross-fire of the emerging market rout as ETF selling dominated EM flows. Outflows from passive emerging market ETF's have been indiscriminate with net foreign selling of South African bonds over the last quarter topping R64bn (June alone saw R33bn of outflows), the highest quarterly rate of outflows in record.

Overall the South African market was buffeted as the ZAR had a very weak month (Down -7.6% against the USD) contributing to the weakest quarter in nearly a decade (Down 16% against the USD). However, in ZAR terms SA equities overall managed to post a small recovery from the losses suffered in May with the FTSE/JSE All Share up 2.8%. The most noteworthy contributors were Rand hedge stocks Naspers (+15.2%), Sasol (+9.91%), British American Tobacco (+8.12%), Bid Corp (+8.42%).

The fund posted a fairly resilient performance considering the positive positioning towards "SA Inc" exposures. The fund returned 1.5% for the month of June. The largest contributors were long positions in Naspers, British American Tobacco and Bid Corp with short positions in the South African property and telecommunication sector also adding to gains. Detractors were mainly long positions in food and clothing retailers where both sectors ended the month down by over 3%.

We remain optimistic and excited about the positioning of our portfolio into the remainder of 2018 and into 2019. We are particularly excited about the risk / return profile currently being presented by select South African assets and the optionality that has accrued in the fund. These assets are currently being priced on valuations similar to those last seen during the global financial crisis. We are using these volatile markets as an opportunity to buy high quality, growing companies with strong and expanding competitive advantages and exceptional management at prices much less than their intrinsic value considering the future growth of these companies.

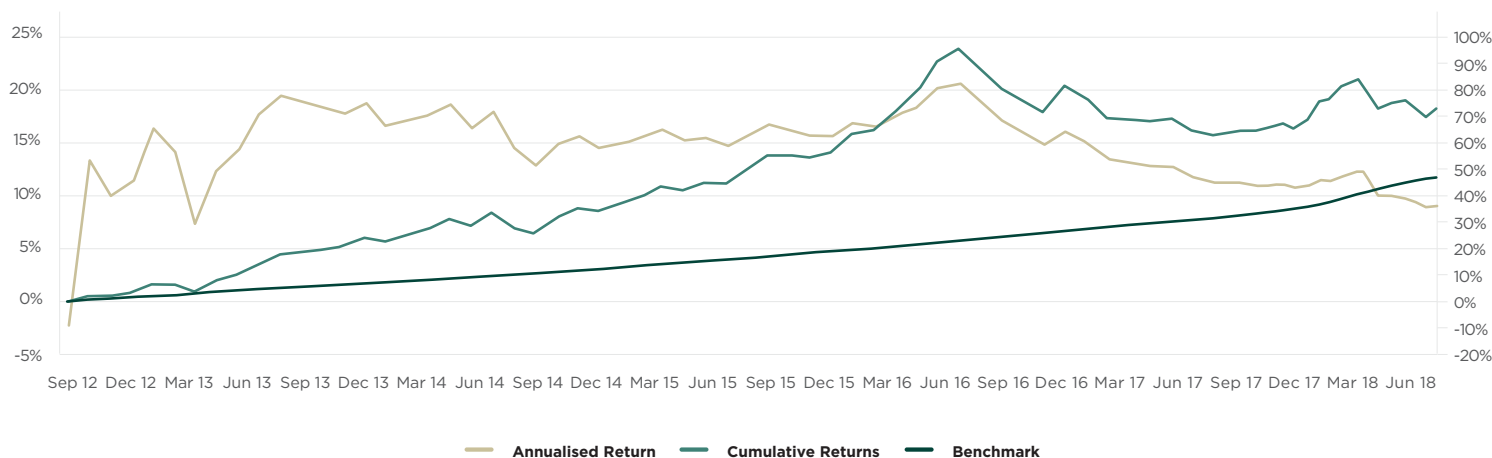
Thank you for your continued support. We look forward to updating you next month.

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: 30/06/2018 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd
 Important Information: Past performance is not necessarily a guide to future performance.

Historical Monthly Returns

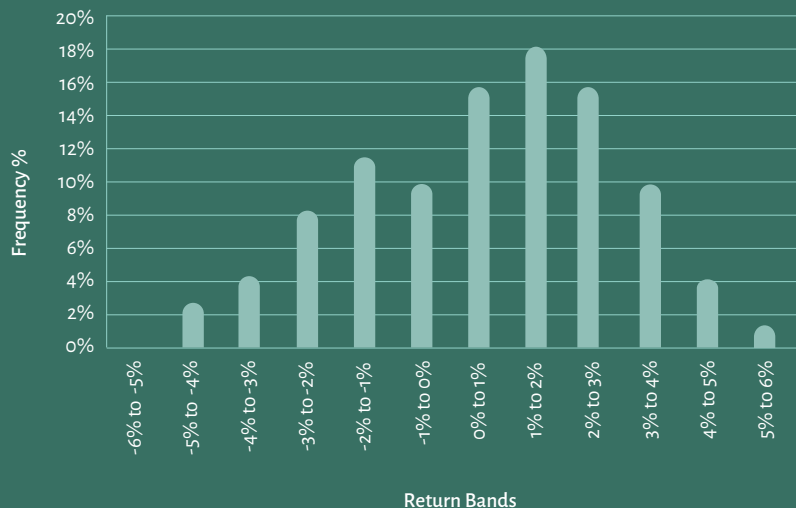
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | Benchmark YTD |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------|--------|--------|----------------|---------------|
| 2012 | | | | | | (0.6%) | 2.3% | 0.3% | 1.2% | 2.8% | 0.4% | (2.6%) | 3.8% | 3.1% |
| 2013 | 3.8% | 2.2% | 3.8% | 2.8% | 1.0% | 0.8% | 1.0% | 2.4% | (1.0%) | 1.9% | 2.0% | 2.8% | 25.8% | 5.2% |
| 2014 | (1.8%) | 3.7% | (4.2%) | (1.6%) | 4.4% | 2.8% | (0.7%) | 1.9% | 2.1% | 2.8% | (1.0%) | 1.9% | 10.4% | 5.9% |
| 2015 | (0.4%) | 3.5% | 3.7% | 0.1% | (0.4%) | 1.2% | 4.4% | 0.8% | 4.1% | 4.0% | 6.9% | 2.5% | 34.8% | 6.5% |
| 2016 | (3.8%) | (4.0%) | (2.5%) | (2.6%) | 5.7% | (2.6%) | (4.1%) | (0.4%) | (0.3%) | 0.4% | (2.4%) | (1.3%) | (16.8%) | 7.4% |
| 2017 | 0.5% | 0.0% | 1.1% | 1.6% | 0.7% | (1.2%) | 1.7% | 3.5% | 0.6% | 2.9% | 1.2% | (3.9%) | 8.8% | 7.5% |
| 2018 | (2.3%) | 0.4% | (0.1%) | (1.1%) | (1.1%) | 1.5% | | | | | | | (4.1%) | 3.0% |

Italicized returns are net returns for the previously unregulated fund
 Date: 30/06/2018 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

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Frequency Distribution of Monthly Returns Since Inception



Statistics

| | |
|--|---------|
| Assets Under Management (R Million) | 18.0 m |
| Gross exposure | 151.2% |
| Net Exposure | 18.8% |
| % of positive months | 64% |
| % of negative months | 36% |
| Average positive monthly return | 2.2% |
| Average negative monthly return | (1.9%) |
| Annualised monthly volatility (historic) | 8.4% |
| Sharpe Ratio | 0.4 |
| Maximum monthly drawdown | (4.2%) |
| Maximum cumulative drawdown | (17.1%) |

Date: 30/06/2018 Source: Maitland Fund Services (Pty) Ltd and Capricorn Fund Managers (Pty) Ltd

Launch Date: (Regulated Fund) 01/08/2016
Inception: Date 01/06/2012



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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) Limited
T: +27 21 916 6910
E: service@sanlamhedgefunds.com

For enquiries please contact

Stephan Engelbrecht

T: +27 11 666 0748

E: stephane@capricorncapital.com

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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 (STEFI). 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.