

Capricorn Sanlam Collective Investments

Market Neutral Retail Hedge Fund



August 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	R12.1m	0.8%	2.5%	7.6%	9.5%	76.6%
Benchmark (Stefi)	N/A	7.3%	7.3%	23.6%	6.5%	48.0%

Date: 31/08/2018 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

Fundamental stock drivers returned to equity markets in August with the fund returning a pleasing 2.6% versus the All Share Index's 2.3%. The macro environment remained constrained and emerging markets remained under pressure as the political spat between Turkey and the USA put severe strain on the Turkish economy. The rand, being the currency proxy for emerging markets, depreciated by 12% against the US dollar and South African bonds gave back 1.9%.

The news flow worldwide and in South Africa continued to cause severe volatility in the markets and, as investors, it is becoming increasingly important to distinguish between the noise and the fundamental changes. In the month of August we were bombarded with news flow regarding the establishment of a judicial commission of enquiry hearing more evidence of corruption in South Africa during the presidency of Jacob Zuma, continued pressure on the Turkish Lira, further concerns surrounding the United Kingdom's exit out of the European Union, US and Mexico reaching a deal on revising the North American Free Trade Agreement and Greece exiting its third and final bail-out program ending eight years of oversight by the European Union and the International Monetary Fund. It was truly gratifying that in a month like this the market started to reward companies that reported strong fundamental results.

Significant contributors to performance stemmed from long positions in Bid Corp Ltd, Bidvest Group, Dis-Chem Pharmacies and Exxaro Resources. Bid Corp and Bidvest reported solid results with both producing earnings growth of more than 12%, beating consensus estimates. Dischem continued to outperform following an informative site visit to their Midrand distribution center which we attended. Exxaro changed their capital allocation framework at their annual results, and this combined with the strong operational performance, exciting earnings potential, and a significant discount to its intrinsic value bodes well for the future outperformance of the equity.

The key detractor in July was a long position in PSG Group. The PSG Group now trades at an enticing 17% discount to its underlying net asset value comprising high growth companies such as Capitec Bank and Curro Holdings.

We remain optimistic about the positioning of our high quality, growth portfolio into the remainder of 2018 and into 2019.

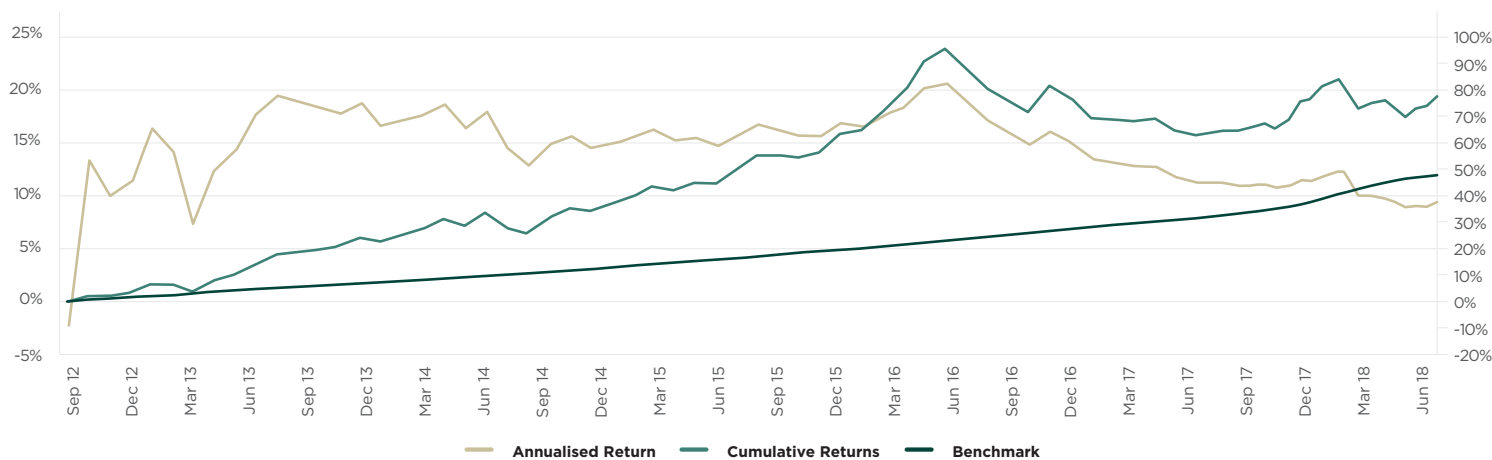
We thank you for your continued support.

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: 31/08/2018 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

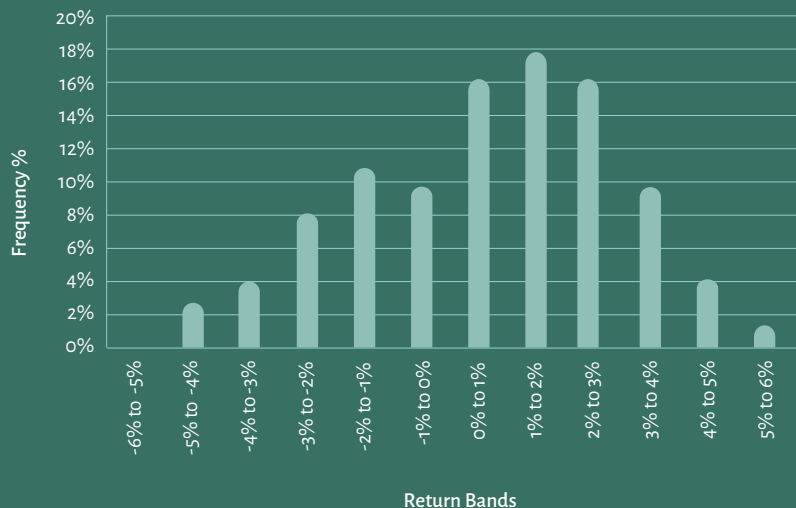
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark YTD
2012						(0.6%)	2.3%	0.3%	1.2%	2.8%	0.4%	(2.6%)	3.8%	3.1%
2013	3.8%	2.2%	3.8%	2.8%	1.0%	0.8%	1.0%	2.4%	(1.0%)	1.9%	2.0%	2.8%	25.8%	5.2%
2014	(1.8%)	3.7%	(4.2%)	(1.6%)	4.4%	2.8%	(0.7%)	1.9%	2.1%	2.8%	(1.0%)	1.9%	10.4%	5.9%
2015	(0.4%)	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%	0.3%	2.6%					0.1%	4.8%

Italicized returns are net returns for the previously unregulated fund
 Date: 31/08/2018 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)	12.1 m
Gross exposure	145%
Net Exposure	18%
% of positive months	65%
% of negative months	35%
Average positive monthly return	2.2%
Average negative monthly return	(1.8%)
Annualised monthly volatility (historic)	8.3%
Sharpe Ratio	0.4
Maximum monthly drawdown	(4.2%)
Maximum cumulative drawdown	(17.1%)

Date: 31/08/2018 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

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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.