

Month: -1.8% gross / -2.0% net

Total AUMs: US\$51m

Lauro is a Global Long/Short Equity Fund managing a long-term concentrated portfolio of 20-30 holdings focused on EU & Asia ex Japan. We believe deep fundamental research focused on ROIC, cashflow generation & attractive asymmetry are key to long-term value creation & maximise the idiosyncratic nature of our returns through our Active engagement with management teams

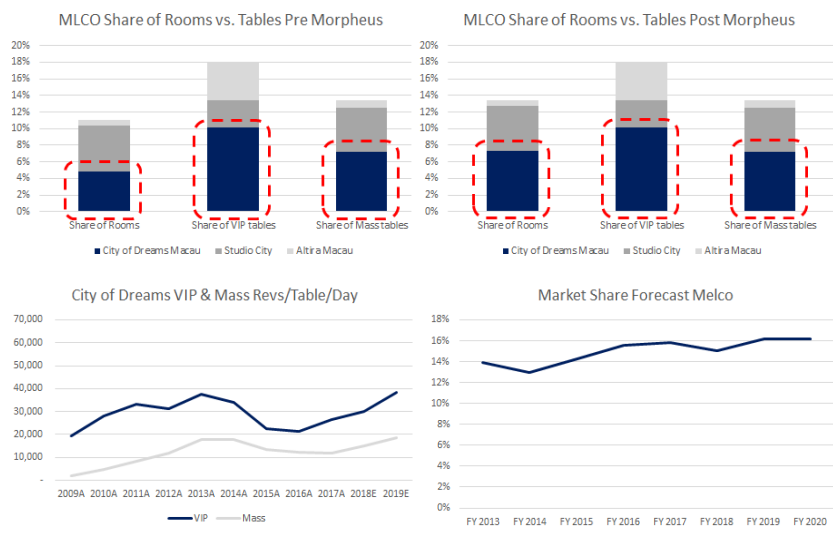
MONTHLY HIGHLIGHTS

Jun returned -2.0% net vs. -0.4% MSCI EAFE ex Japan Local index. June was another trying month for Asian markets with the HSI index down 5% on the back of a combination of a slowing Chinese economy and the realisation that the US trade war vs. China is likely to be a more serious and sustained issue.

Key contributors/detractors. Our Asian stocks performed relatively well over the month with our Asian positions up ~40bps on the month despite weak markets. Several of our shorts performed well (China Autos, Korean Consumer) as well as our largest position Woodside grinding up 9% on the month. The main detractor in Asia was Melco down 14% (see more on the name below). It is on the European side that the underperformance was felt (~220bps) with three positions causing the majority of the fall. Our short position in CYBG benefited from the recently announced acquisition of Virgin Money and our large long-term portfolio holdings in Tui and Man Group rolled over down 5% and 3% respectively, on no specific stock news.

On the trading front, we were more active than usual given the market volatility. We closed out winning positions which had hit our price targets (New Oriental long, two Singaporean shorts and H&M short). We initiated new short positions in China consumer and European Media. Finally & in line with our process, we added to our core Irish bank position on weakness as the asymmetry expanded and trimmed Melco at the margin over its risk consumption vs. the uncertainty surrounding the regulatory & economic environment in China.

Melco Resorts & Entertainment – Reviewing one of our high conviction calls. Melco has been in the portfolio since inception in 2016 and has been a key contributor to performance. It has struggled year-to-date on the back of concerns that Macau’s growth will dip alongside China’s economic activity slowing down (PPI, nominal GDP, M1 growth) as well as for stock-specific reasons (complexity discount, management changes, disruption from Morpheus launch). While we expect Q2 results to be soft, we think the market misses how transformative the newly launched Morpheus will be to City of Dreams’ overall performance, correcting the imbalance between table & room market share and making the tables sweat much harder. With Morpheus fully online by the end of July & the project being “brownfield” rather than “greenfield”, we expect to see a positive impact as soon as Q3. The stock is trading at a large discount to peers, we see >60% upside for limited downside and continue to be confident in our ability to get paid in the medium term.



KEY FIGURES END OF MONTH

Lauro Opportunities Key Figures

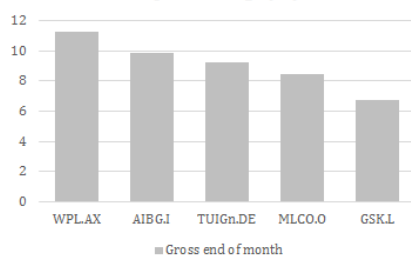
	Net Performance					Ann. Vol. Since Inception	Sharpe Ratio Since Inception	Av. Net Since Inception	Av. Gross Since Inception	Max. Monthly Drawdown	% Positive Months
	MTD	2018 YTD	2018 Annualised	2017A	Inception to Date						
Lauro 1-Year Share Class	-2.0%	-1.9%	-3.9%	12.0%	1.3%	6.6%	0.5	36%	117%	-3.6%	53%
Lauro 3-Year Share Class	-2.0%	-1.9%	-3.9%	11.5%	10.2%	6.7%	1.2	39%	122%	-2.5%	68%

Note: Soft launch with friends & family money Jan-Aug '16 for 1-year share class. Official launch with inception of 3-year share class through injection of Tier 1 Institutional assets in Sep '16

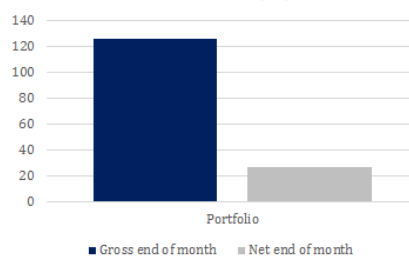
YTD Net Performance 3-year Share Class (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016									0.0%	-2.3%	1.5%	1.7%	0.8%
2017	0.1%	2.6%	1.5%	0.4%	2.7%	-2.5%	0.4%	0.3%	-0.4%	0.8%	0.4%	4.9%	11.5%
2018	1.5%	-1.1%	-0.3%	0.2%	-0.3%	-2.0%							-1.9%

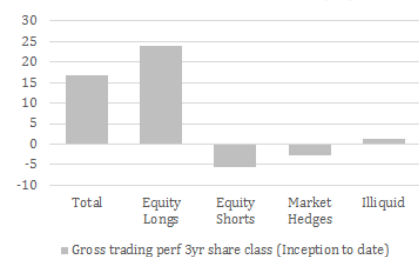
Top 5 Holdings (%)



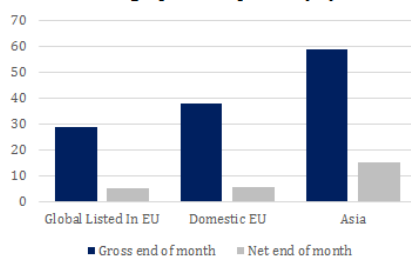
Gross vs. Net (%)



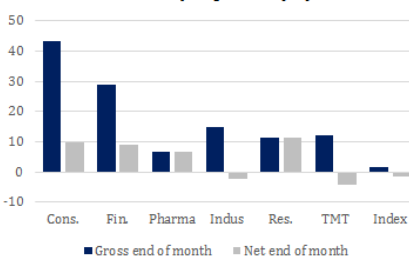
Performance Contribution (%)



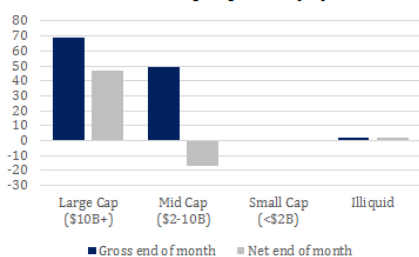
Geographical Exposure (%)



Industry Exposure (%)



Market Cap Exposure (%)



3-Year Share Class	Target	Since Inception (Sep '16)	At End of Jun '18	Comments
• # of stocks	20-30	24	28	Concentrated Portfolio
• Long Positions	10-20	14	14	
Median Holding Period	24 months+	17 months		Work in progress
Average Sizing	4-8%	6% / top long 14%	5% / top long 11%	Top 10 positions: ~90% of Long book
• Short Positions	5-15	10	14	
Median Holding Period	9-12 months	8 months		
Average Sizing	3-6%	4% / top short 8%	3% / top short 6%	Alpha shorts, limited use of market hedges
Gross Exposure	120% - 150%	123%	126%	Gross & net exposures are "typical" ranges
Net Exposure	20% - 50%	40%	27%	
Volatility	>10%	7%	8%	Volatility not a target but expected output
Illiquids	Up to 20%	2%	3%	First illiquid investment in Jun '17. Investors can opt in or out
Region				Predominantly Europe & Asia

GROSS TRADING PERFORMANCE VS. INDEX



FEE SCHEDULE

Share Class	Founder's	A-Share	B-Share
Initial Lock Up Period	1 year	3 years	1 year
Minimum Investment	\$500,000	\$500,000	\$500,000
Management Fee	1.5% up to \$100m AUMs 1.25% \$100-200m AUMs 1% at \$200m+ AUMs	1.5%	1.75%
Incentive Fee	15%	10%	15%
Liquidity	Quarterly soft lock up with early withdrawal fee	Hard lock up	Hard lock up
Early Withdrawal Fee	Prorated amount of unpaid management fee	n/a	n/a
Redemption Notice Period	90 days	180 days	90 days
Capacity	Available for US\$30m of AUMs	n/a	n/a
Illiquids	Up to 20% of AUMs. Elective participation at subscription	Up to 20% of AUMs. Elective participation at subscription	Up to 20% of AUMs. Elective participation at subscription

DISCLAIMER AND RISK WARNING

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