

Month: -0.2% gross / -0.3% net

Total AUMs: US\$49m

Lauro is a Long/Short Equity Fund managing a long-term focused concentrated portfolio of 20-30 holdings focused on EU & Asia ex Japan. We are all about ROIC, asymmetry & sizing up to conviction and maximise idiosyncratic returns through our Soft Activist approach

MONTHLY HIGHLIGHTS

March returned -0.3% net vs. -2.5% MSCI EAFE ex Japan Local index with our portfolio continuing to behave in line with expectations. We have taken advantage of the higher volatility to continue to build out the portfolio, reflected in our gross hitting the highest point since inception (141% at end of month).

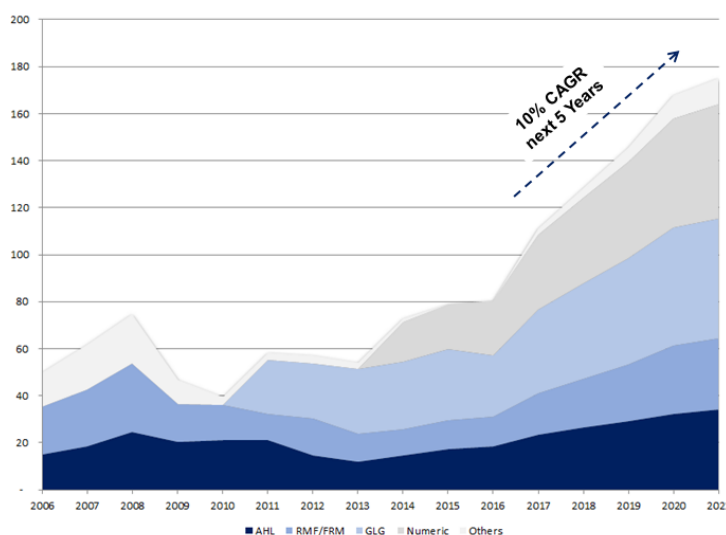
Key drivers of performance: Our short book did well with H&M continuing to disappoint with significantly worse than expected Q1 sales, profit and higher inventory levels, we remain short. Further, our shorts in Chinese Gaming and Autos, Singaporean Real Estate & Telcos as well as Financials (UK Bank and Global Asset Manager) all contributed too. On the long side, GSK was a standout, first pulling out of the contested bid for Pfizer’s consumer business and then announcing the acquisition of Novartis’ 36.5% stake in GSK’s consumer healthcare JV. Well received with the stock up +7% on the month. Negative contributors were Zhou Hei Ya, disappointing on forward guidance (down -12%) and Brilliance, hit by both lower than expected earnings and the impact of US-driven tariffs (down -22%). The Irish banks also underperformed despite better than expected results from Allied Irish Banks (down -7%). In all instances, our investment case remains intact and we are looking for the right timing to add.

On the trading front, we exited our Sandfire position post a 40%+ rerating and the stock reaching our price target. Having reviewed the investment case, we were unable to upgrade our numbers & took profit, in line with our process. We initiated four new positions: Three new shorts in EU apparel, EU freight forwarding and Global Asset Management. On the Long side, we initiated a small position in Chinese branded kitchenware operator Robam after a 35% fall in the share price post lower than expected sales. Finally, we added to Pandora and Melco on weakness.

Man Group – More than just AHL: Man has been a successful core holding since inception but has underperformed since its peak in January, reflecting the poor performance of AHL (peak to trough drawdown in its core funds of ~15%). However, our investment case is significantly more than just AHL:

- Management has invested in the business over the past 10 years & 2017 was a tipping point with significant growth in all core engines across absolute return, long only, discretionary and quant-based strategies. We expect this trend to continue with 10% AUM growth CAGR over the next 5 years;
- Switch from private to institutional clients leading to greater asset stickiness and mechanically lower redemptions;
- This is accentuated by a shift in the salesforce incentive structure away from gross sales and towards AUMs, leading to a greater focus on client retention;
- At 11x 2019E earnings, the market is paying for neither the magnitude nor the quality of this embedded growth. We are paid to wait with a 5% dividend yield and +3% buyback programme;

Man Group AUM Forecast (Lauro estimates \$bn)



- We assume 5% market growth and 5% net new money where the key driver is driven by moderation in net redemptions
- Man is seeing structural growth across each of its core brands



KEY FIGURES END OF MONTH

Lauro Opportunities Key Figures

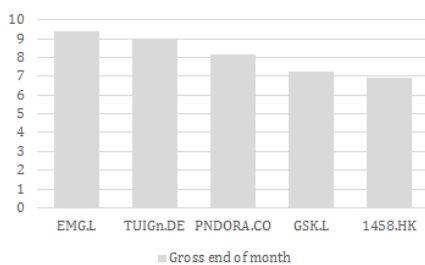
	Net Performance					Ann. Vol. Since Inception	Sharpe Ratio Since Inception	Av. Net Since Inception	Av. Gross Since Inception	Max. Monthly Drawdown	% Positive Months
	MTD	2018 YTD	2018 Annualised	2017A	Inception to Date						
Lauro 1-Year Share Class	-0.3%	0.1%	0.5%	12.0%	4.9%	6.3%	0.7	37%	117%	-3.4%	56%
Lauro 3-Year Share Class	-0.3%	0.1%	0.5%	11.5%	12.5%	6.3%	1.6	41%	122%	-2.6%	74%

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

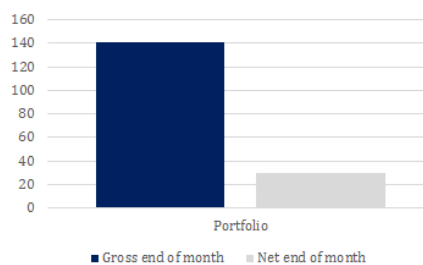
YTD Net Performance 3-year Share Class (%)

	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%										0.1%

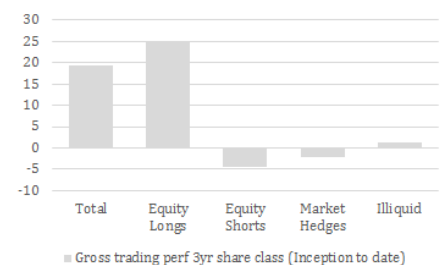
Top 5 Holdings (%)



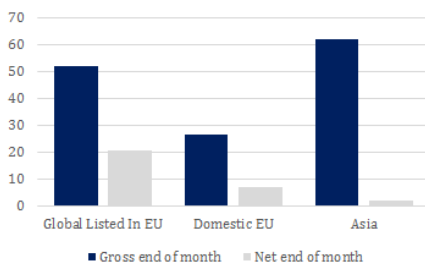
Gross vs. Net (%)



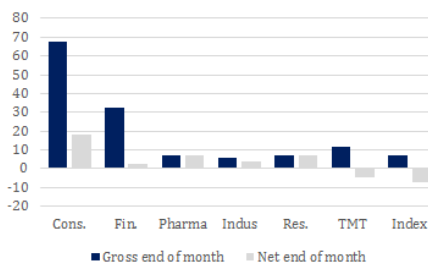
Performance Contribution (%)



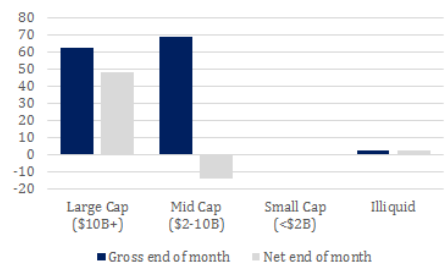
Geographical Exposure (%)



Industry Exposure (%)



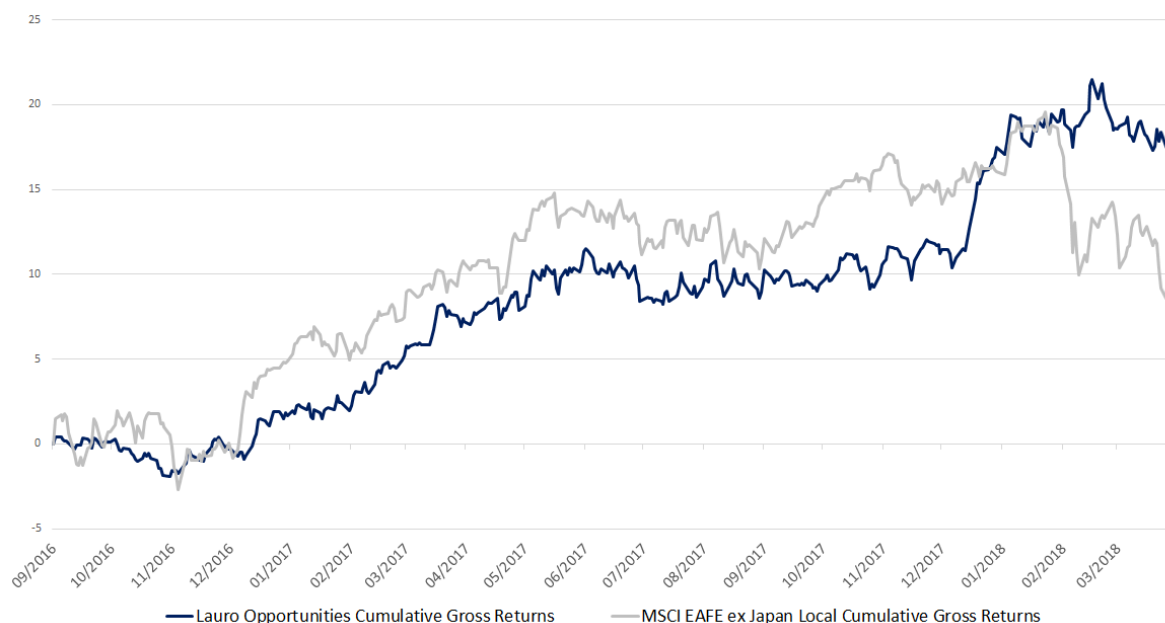
Market Cap Exposure (%)



3-Year Share Class	Target	Since Inception (Sep '16)	At End of Mar '18	Comments
• # of stocks	20-30	23	30	Concentrated Portfolio
• Long Positions	10-20	14	17	
Median Holding Period	24 months+	18 months		Work in progress
Average Sizing	4-8%	6% / top long 14%	5% / top long 9%	Top 10 positions: ~90% of Long book
• Short Positions	5-15	9	13	
Median Holding Period	9-12 months	8 months		
Average Sizing	3-6%	4% / top short 8%	4% / top short 7%	Alpha shorts, limited use of market hedges
Gross Exposure	120% - 150%	122%	141%	Gross & net exposures are "typical" ranges
Net Exposure	20% - 50%	41%	30%	
Volatility	>10%	6%	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

These fund returns are calculated for a representative investor (invested since the inception in A-shares, our main product). Actual returns may vary based on investment timing, fee and share class differences. Net returns reflect the deduction of management fees, incentive fees and all fund expenses.

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