

Month: -0.2% gross / -0.3 % net

Total AUMs: US\$53m

Lauro is a Global 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

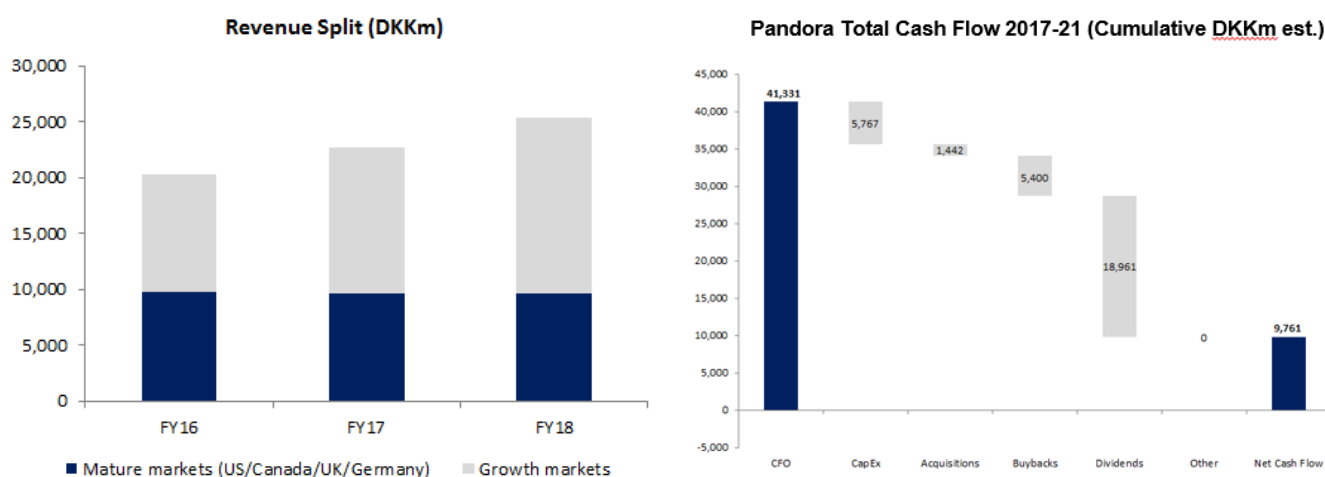
MONTHLY HIGHLIGHTS

May returned -0.3% net vs. -1.1% MSCI EAFE ex Japan Local index. The equity markets were lacklustre over the month driven by economic data moderating in China, weakness in ASEAN and the fall out from the negotiation of the populist government in Italy which was seen as anti-Euro.

Key contributors/detractors. On the positive front, long positions in LVMH, Tui Group, Amer Sports, New Oriental and Robam as well as shorts in EU Financials, Singapore and China Auto all delivered at least 5% performance over the month. However, the performance was hampered by two key events offsetting these – Pandora Q1 results which were substantially worse than expected and a recovery in SJM (see more on both below).

On the trading front, May saw our gross falling substantially over the month (~20ppts) with half of this reduction coming from positions either above or approaching our price targets and the other half from positions we sadly got wrong. We took profits on LVMH as it exceeded our recently increased price target. We reduced our positions in our Singaporean shorts as they continued to underperform, as well as in Tui Group post a 18% increase in the share price over a 6-week period... leading to a less attractive asymmetry. As mentioned in last month's update, we sold our entire position in Pandora (8%) as our investment case was invalidated on the day of the Q1 results. As for SJM (3% position), we closed the position gradually as it became clear our investment case wouldn't materialise given the strength of the upcycle in Macau.

Pandora – Our process in action when an investment thesis gets invalidated. Our investment case in Pandora was predicated on our research that the brand was more than just the US and that there was significant runway in emerging markets and China in particular. The weakness in the US and its subsequent restructuring was just part of the Pandora business model of closing wholesale channels and converting them to directly operated stores as the brand matured. The business case focused on the strong cashflow generation from its mature markets (inc. the US) supporting the growth of emerging markets whilst delivering significant dividend/buybacks. Illustrated as follows:



Although our channel checks indicated some moderation in activity in China, nowhere did we expect the cliff edge slowdown recorded in Q1. The Company's rationale for the collapse in China was an increase in the grey market. We ascertained very quickly that this couldn't explain the magnitude of the slowdown and had more to do with management in China than issues outside its control. Our management score was significantly undermined by this event suggesting limited operational control at the divisional level. With our investment case broken and valuation alone never enough to justify retaining a position, our process kicked in & we quickly exited the entire position.



KEY FIGURES END OF MONTH

Lauro Opportunities Key Figures

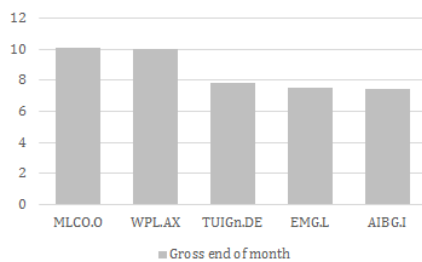
	Net Performance					Ann. Vol. Since Inception	Sharpe Ratio Since Inception	Av. Net Since Inception	Av. Gross Since Inception	Max. Monthly Drawdown	% Positive Months
	MTD	2018 YTD	2018 Annualised	2017A	Inception to Date						
Lauro 1-Year Share Class	-0.3%	0.1%	0.1%	12.0%	3.3%	6.6%	0.6	37%	118%	-3.6%	55%
Lauro 3-Year Share Class	-0.3%	0.1%	0.1%	11.5%	12.4%	6.7%	1.5	40%	123%	-2.6%	71%

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

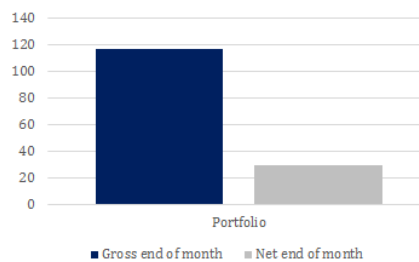
YTD Net Performance 3-year Share Class (%)

	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%								0.1%

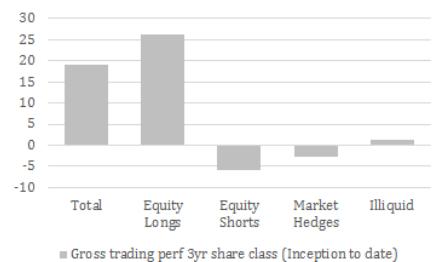
Top 5 Holdings (%)



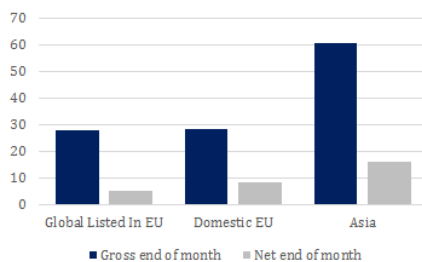
Gross vs. Net (%)



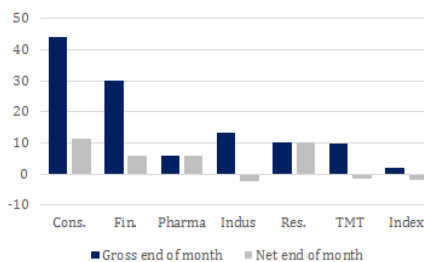
Performance Contribution (%)



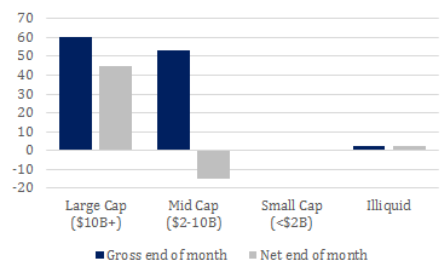
Geographical Exposure (%)



Industry Exposure (%)



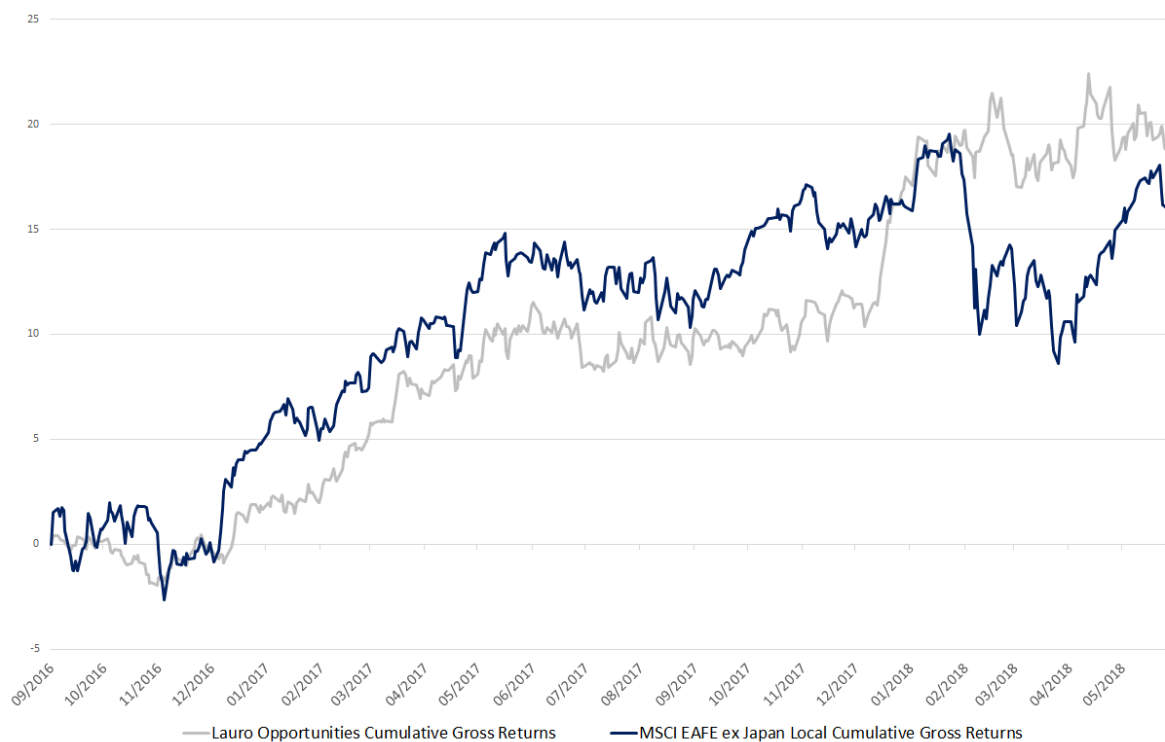
Market Cap Exposure (%)



3-Year Share Class	Target	Since Inception (Sep '16)	At End of May '18	Comments
• # of stocks	20-30	24	26	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 10%	Top 10 positions: ~90% of Long book
• Short Positions	5-15	10	12	
Median Holding Period	9-12 months	8 months		
Average Sizing	3-6%	4% / top short 8%	3% / top short 7%	Alpha shorts, limited use of market hedges
Gross Exposure	120% - 150%	123%	117%	Gross & net exposures are "typical" ranges
Net Exposure	20% - 50%	40%	30%	
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

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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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