

Month: +3.5% gross / +3.3% net

Total AUMs: US\$53m

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 & we maximise the idiosyncratic nature of our returns through our Active engagement with management teams

MONTHLY/YEARLY HIGHLIGHTS

We finished January at +3.3% net vs. +5.4% for the MSCI EAFE ex Japan Local index. Did December really happen? After a dismal end of year, markets bounced in a broad-based manner during January with the S&P up +7.9%, the MSCI Asia ex Japan +7.2% (China +11.2%) and Europe also bouncing well at +5.4%. The portfolio continued its positive trend from December, managing to capture another +3.3% of performance, despite keeping a relatively low market exposure (net of 34%). Dead cat bounce? While economic fundamentals have not been improving, especially out of Europe, attractive regional valuations, under-owned equity markets & improving geopolitical rhetoric (US-China trade war) have all been well received, leading to multiple expansion. Brexit remains a key risk for European markets however, something we are closely watching.

Key contributors/detractors: Our Asian portfolio did particularly well in January, with our top 5 contributors all Asian, both on the long- and short fronts. Melco Entertainment (Macau) was the key performer with almost 250bps of performance, followed by Woodside (~100bps). Both names were positions we added to during the oil price & gaming sectors weakness last year, as per our process. On the short side, it was encouraging to see stock specific alpha come through with our Australian Asset Manager giving us ~50bps despite the strength in overall markets.

On the trading front: January was a busy month, adding ~20% to the gross. We used the recent market sell-off to increase our exposure to high quality global names (BAE Systems) whilst also initiating in 4 new long positions – Schneider, Informa, Stroer and Cairn Homes. With confirmation of increased stimulus in China, we consolidated our China positions by converting a small position in Sun Art Retail into Robam whilst also topping up Melco Entertainment. On the short side, we closed out our long held short in Great Wall Motors.

A deep dive into BAE Systems. As value-orientated investors, our business model dictates that we take advantage of near-term market dislocations to enter attractive long-term opportunities. The market sell-off in Q4 offered plenty of these and BAE is one of them. Below is a summary of our investment thesis, we look forward to continuing to build our unique research insight on the company and develop a strong relationship with the management team:

- (a) **Global military spending long-term secular trend as geopolitical tensions rise globally.** US, UK, Saudi, Commonwealth and US Allies increasing sales/support to BAE
- (b) **Key programs (F-35/Type-26 frigates) de-risked** as they complete development phase and gain production traction among customers with rising book-to-bill ratios across all 5 segments. We expect 6.0% revenue growth and 7.5% EBIT CAGR 18-23E, respectively
- (c) **Inflecting cash flow generation:** Opportunity for management to rethink capital allocation priorities. Balance sheet is under-utilised vs. peers (<0.4x net debt/EBITDA vs. US peers at 1.8x)
- (d) **Brexit positive for BAE as government incentivised to sell its key export capability to boost UK industrial activity.** Probability of Labour government low
- (e) **Valuation undemanding at <11x p/e alongside 5% dividend yield**



KEY FIGURES END OF MONTH

Lauro Opportunities Key Figures

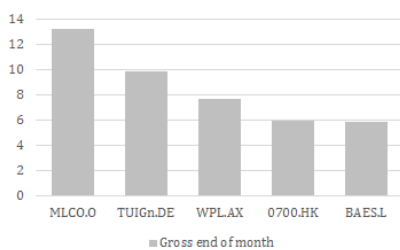
| | Net Performance | | | Since Inception | | | | | | |
|--------------------------|-----------------|------|-----------------------------|-----------------|-----------|--------------|---------------|-------------|---------------|-------------------|
| | MTD | YTD | MSCI EAFE ex Jap. Local YTD | Net Perf. | Ann. Vol. | Sharpe Ratio | Average Gross | Average Net | Max. Drawdown | % Positive Months |
| Lauro 1-Year Share Class | 3.3% | 3.3% | 5.4% | -3.3% | 7.0% | 0.1 | 121% | 35% | -9.9% | 56% |
| Lauro 3-Year Share Class | 3.3% | 3.3% | 5.4% | 5.8% | 7.2% | 0.5 | 125% | 37% | -9.8% | 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

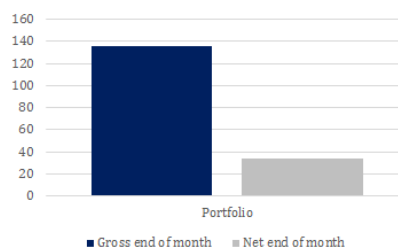
YTD Net Performance 3-year Share Class (%)

| | 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% | -2.1% | 0.3% | 1.5% | -6.2% | -3.7% | 2.5% | -9.4% |
| 2019 | 3.3% | | | | | | | | | | | | 3.3% |

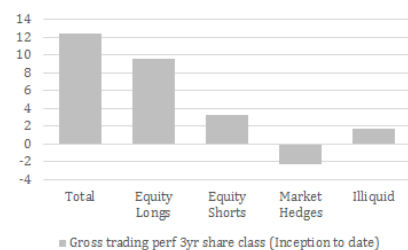
Top 5 Holdings (%)



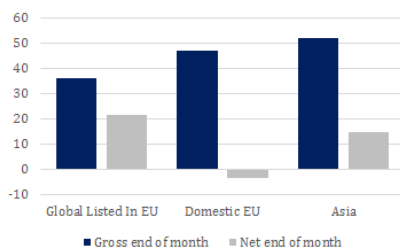
Gross vs. Net (%)



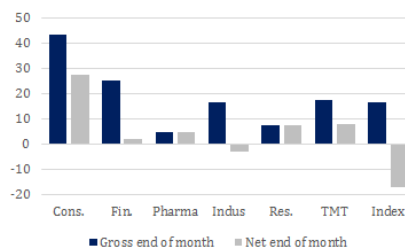
Performance Contribution (%)



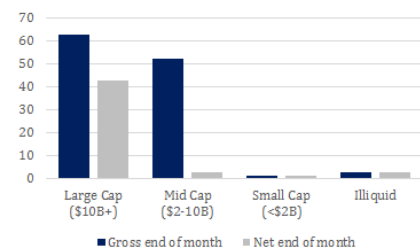
Geographical Exposure (%)



Industry Exposure (%)



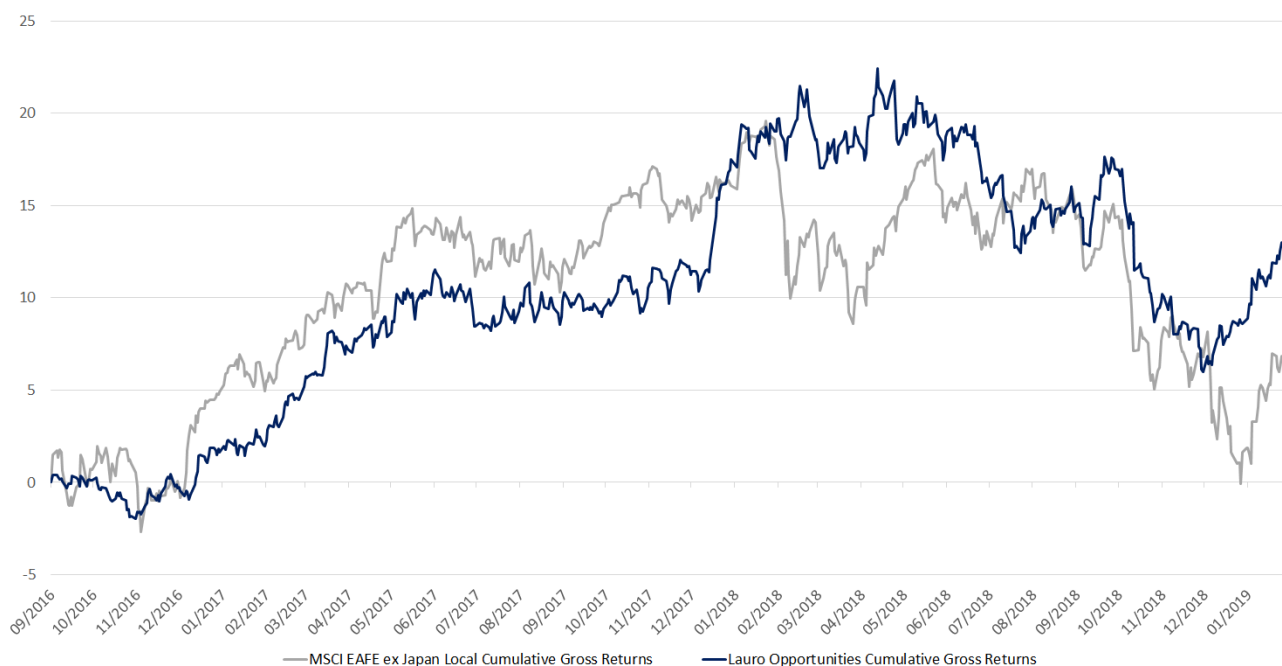
Market Cap Exposure (%)



| 3-Year Share Class | Target | Since Inception (Sep '16) | At End of Jan '19 | Comments |
|-----------------------|--------------|---------------------------|-------------------|-------------------------------------------------------------------|
| • # of stocks | 20-30 | 24 | 25 | Concentrated Portfolio |
| • Long Positions | 10-20 | 14 | 17 | |
| Median Holding Period | 24-36 months | 17 months | | Work in progress |
| Average Sizing | 4-8% | 6% / top long 14% | 5% / top long 13% | Top 10 positions: ~90% of Long book |
| • Short Positions | 5-15 | 10 | 8 | |
| Median Holding Period | 9-12 months | 9 months | | |
| Average Sizing | 3-6% | 4% / top short 10% | 4% / top short 7% | Alpha shorts, limited use of market hedges |
| Gross Exposure | 120% - 150% | 125% | 136% | |
| Net Exposure | 20% - 50% | 37% | 34% | Gross & net exposures are "typical" ranges |
| Volatility | >10% | 7% | 9% | Volatility not a target but expected output |
| Illiquids | Up to 20% | 2% | 2% | 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.

Past performance does not guarantee future results. A portfolio could suffer losses as well as achieve gains. Future returns are not guaranteed and a loss of principal may occur

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