

LAURO 1.1

Total AUMs: US\$51m

First of all, **apologies for our silence since October last year**, we decided not to communicate while we were managing a transition that we believe will be beneficial to our clients & the long-term potential of the fund.

What's new? We are now a European fund and look forward to restarting a dialogue on this narrower focus. We were initially invested across Asia & Europe but it has become clear over time that our ability to maximise alpha is best suited to Europe. We started to **switch to a EU focus in Q418, the transition is now broadly done.** Investors have also asked for a **carve-out of our Long positions, a Long Only product is being offered as well.**

What happened to come to this conclusion? Looking at the fund's performance in 2018 (FY18 -9%) through a 2x2 matrix (Europe vs. Asia and Longs vs. Shorts), **our underperformance came entirely from the Asia Long bucket** (deeply negative alpha with an overall loss of ~1400bps) whilst we generated alpha in all other areas.

As a reminder, building large concentrated positions & unique relationships with management is our key skill. We size to conviction by 1\ developing unique research insights but also 2\ engaging management at a differentiated level to ensure full alignment as minority shareholders. **Our experience with management teams in Asia has been mixed with two instances of being misled (Brilliance & Zhou Hei Ya), costing ~750bps in 2018.**

What about Europe? Despite having the majority of our net in the region (25ppts of overall 32% net in 2018) and an overweight in cyclicals (Financials and Travel), we ended the year flat (gross) vs. the MSCI EU at -13.1%. **The contrast is stark in the quality of the relationships we have built over the last couple of years in Europe** (Amer Sports, Tui Group, Allied Irish, BAE Systems, Informa) and we feel a lot more confident in our ability to protect our/your capital as minority shareholders for the amount of risk we take as a concentrated strategy.

The Asian market bottomed out before Europe in Q418, which provided an opportunity to recoup some of our losses in Asia & ensure a smooth transition towards Europe. We recycled the capital of Brilliance & Zhou Hei Ya in areas of China where the market weakness had led to value opportunities, namely Robam, Sun Art and Melco. As the Asian markets and these names rebounded over the last 6 months (~600bps of performance in Asia Longs), we then gradually recycled that capital into European names.

Overall, whilst we generated Alpha across both regions, **it has been stronger in Europe than in Asia since inception** (see below) and we believe it should improve meaningfully now that we are solely focused on Europe.

Gross trading performance since inception	Asia	Europe	US	Total
Equity Long Positions	4.4%	7.2%	-0.7%	10.9%
Equity Short Positions	-1.4%	1.2%	0.5%	0.3%
Index Hedging Short Positions	1.1%	-0.7%	-1.1%	-0.6%
Illiquids	1.8%	0.0%	0.0%	1.8%
Total	5.8%	7.7%	-1.3%	12.2%

European Alpha Generation Analysis	EU positions	MSCI EU local performance	Alpha ex hedges?	Alpha inc hedges?
Average EU gross	73%			
Average EU net	30%	10.6%		
Average long exposure	52%	5.5%	1.8%	1.8%
Average short exposure	22%	2.3%	3.5%	2.1%

Asian Alpha Generation Analysis	Asian positions	MSCI Asia ex Jap. Local performance	Alpha ex hedges?	Alpha inc hedges?
Average Asian gross	46%			
Average Asian net	7%	20.7%		
Average long exposure	26%	5.4%	0.7%	0.7%
Average short exposure	20%	4.1%	2.7%	3.4%

Note: Inception to 14/5/2019



OUR PRODUCT, PROCESS & TEAM HAVEN'T CHANGED, OUR UNIVERSE HAS JUST BECOME MORE FOCUSED

We continue to manage a **high conviction high concentration L/S equity portfolio of ~25 long-term holdings focused on Europe**. Typical target exposures: Gross 120-150% / net 20-50%. Investment horizon: 3 years+

We continue to believe that 1/ **deep bottom-up fundamental research** focused on ROIC, cashflow generation & attractive valuation asymmetry are key to long-term value creation and 2/ we **maximise the idiosyncratic nature of our returns through our friendly engagement with management teams**, highlighting the key long-term drivers of value for the company from a capital allocation & return standpoint.

Our focus on ROIC/cashflow generation results in a **unique portfolio profile**: Long book trading at ~11x for 13%+ earnings growth CAGR next 2yrs vs. Short book at ~30x for ~10% earnings growth CAGR. Dividend yield ~3%

All of our key clients are supportive of our transition towards Europe. We continue to be backed by a Tier 1 Institutional Investor with a US\$100m long-term commitment into the fund.

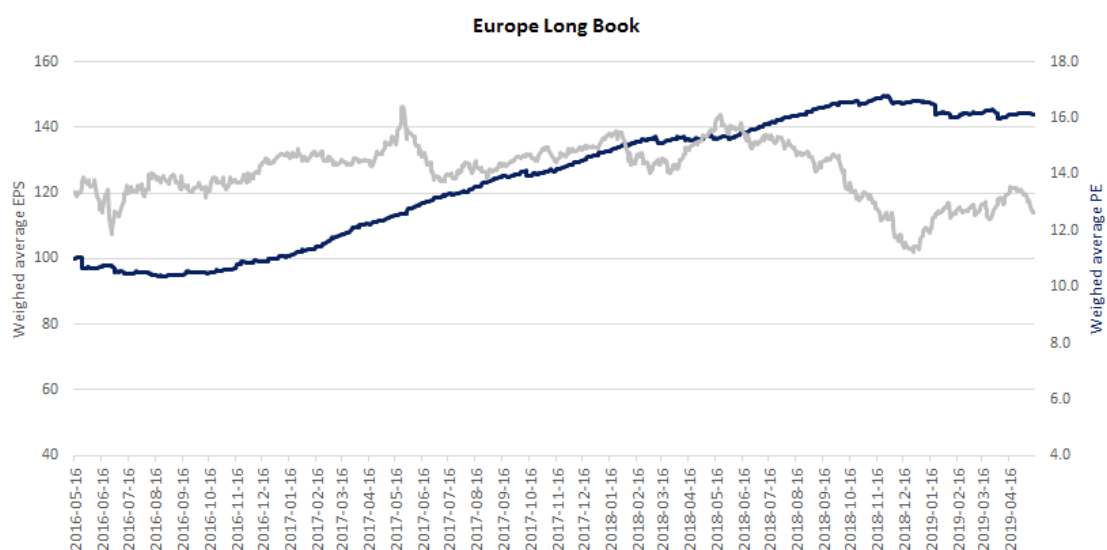
CARVE-OUT OF LONG BOOK – LONG ONLY PRODUCT

Building **large concentrated positions & differentiated relationships with management teams naturally sits with a 15-20 Long Only European portfolio** and we have had repeated interest from clients on that front.

While the transition is broadly completed on the hedge fund side, we are **targeting end of H119 for the Long Only to be fully invested**. Our Long Only product is a straight carve-out of the Long book of our HF product and aims to be fully invested at all time, sitting on minimum cash levels.

ATTRACTIVE ENTRY POINT

Our European long book hasn't rebounded significantly yet from its recent multiple contraction, despite limited earnings revisions (see below). If your base case (like ours) is that we are not heading into a global recession, then **our portfolio should see some serious catch up as & when the key geopolitical issues recede**.



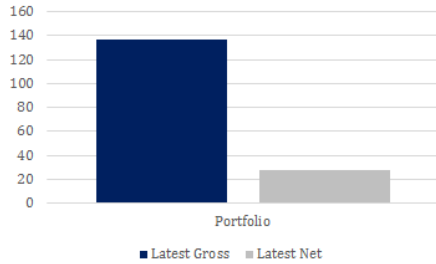
HEDGE FUND – KEY FIGURES END OF MONTH

Gross Trading Performance Lauro Opportunities EU Long/Short

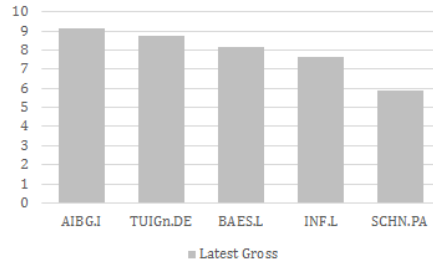
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund	MSCI EU Local
2016													1.2%	5.1%
2017	-1.4%	4.0%	1.1%	-2.1%	4.3%	-3.6%	2.4%	1.7%	-0.1%	-2.9%	0.4%	4.0%	11.7%	10.0%
2018	2.9%	-2.2%	1.7%	4.0%	-0.6%	-1.9%	0.5%	-0.4%	3.9%	-5.1%	-3.7%	1.7%	0.1%	-13.1%
2019	0.7%	-3.7%	-1.0%	3.7%									-0.5%	14.7%
	<i>Annualised Rate of Return</i>												4.8%	5.7%
	<i>Annualised Volatility</i>												8.8%	10.4%

Note: Italicised numbers represent carve-out EU L/S performance from original fund. First month actual performance Apr 19

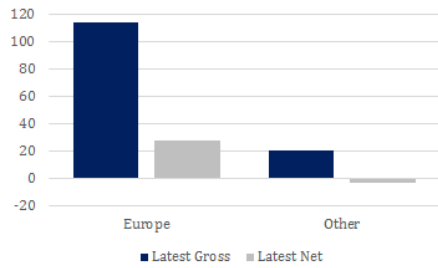
Gross vs. Net (%)



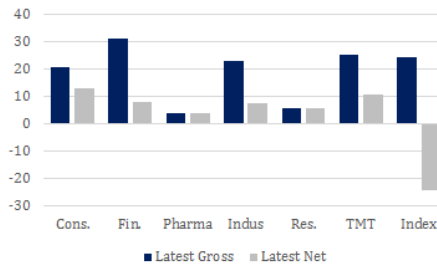
Top 5 Holdings (%)



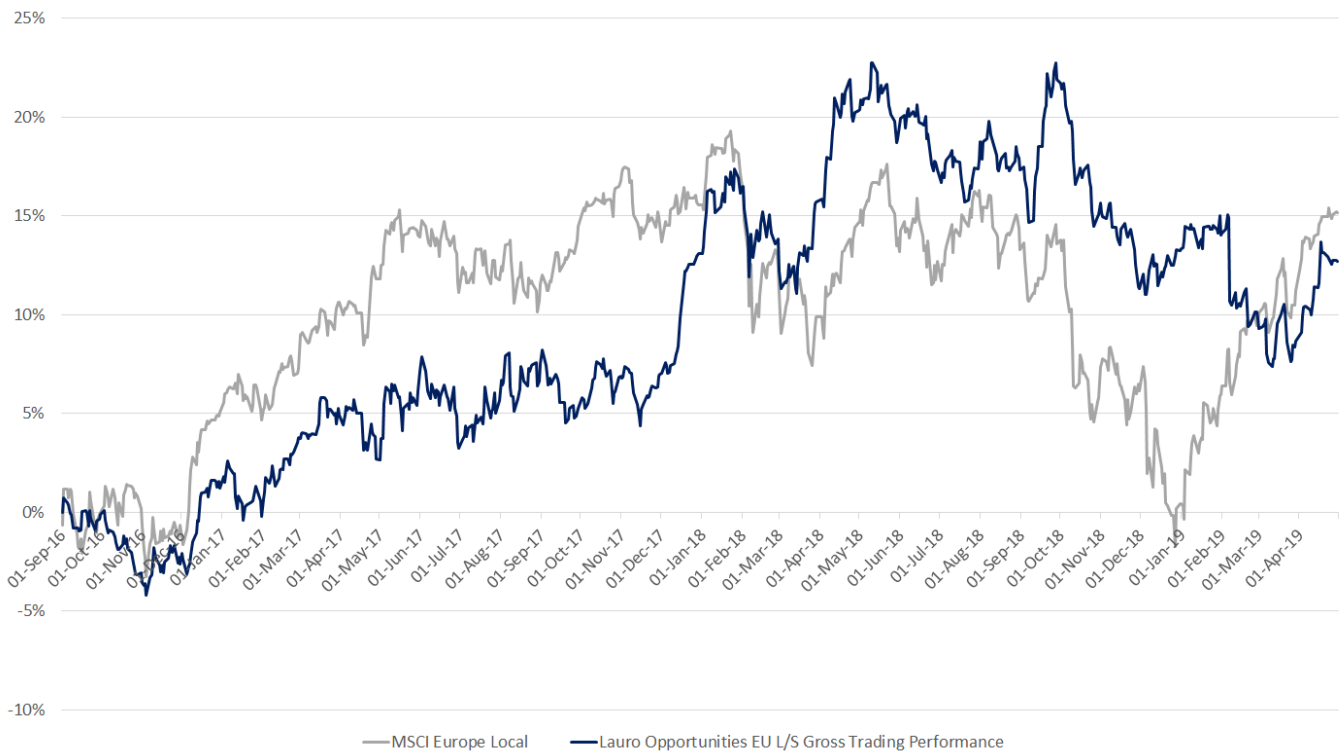
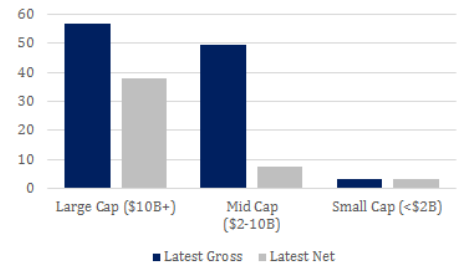
Geographical Exposure (%)



Industry Exposure (%)



Market Cap Exposure (%)



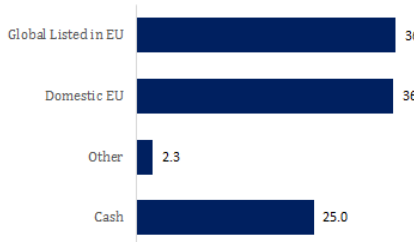
LONG ONLY – KEY FIGURES END OF MONTH

Gross Trading Performance Lauro Opportunities EU Long Only

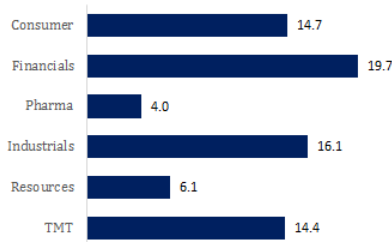
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Fund	MSCI EU Local
2016									0.0%	-2.8%	0.0%	5.9%	3.0%	5.1%
2017	-0.9%	5.0%	1.7%	-1.9%	5.7%	-4.5%	2.8%	2.4%	-1.0%	1.9%	0.2%	7.7%	20.1%	10.0%
2018	1.8%	-3.3%	0.8%	7.2%	-2.2%	-0.2%	1.8%	-1.0%	2.7%	-9.4%	-7.3%	-1.9%	-11.6%	-13.1%
2019	5.9%	-1.9%	0.4%	8.5%									13.1%	14.7%
	Annualised Rate of Return												8.9%	5.7%
	Annualised Volatility												13.7%	10.4%

Note: Performance is carve-out EU long book from original fund (audited numbers), target to be fully invested by end of H119

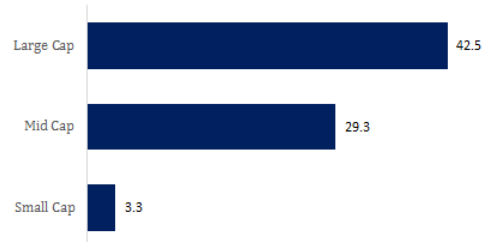
Regional Exposure (%)



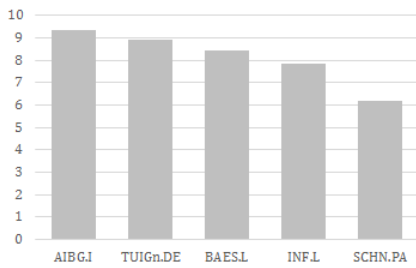
Industry Exposure (%)



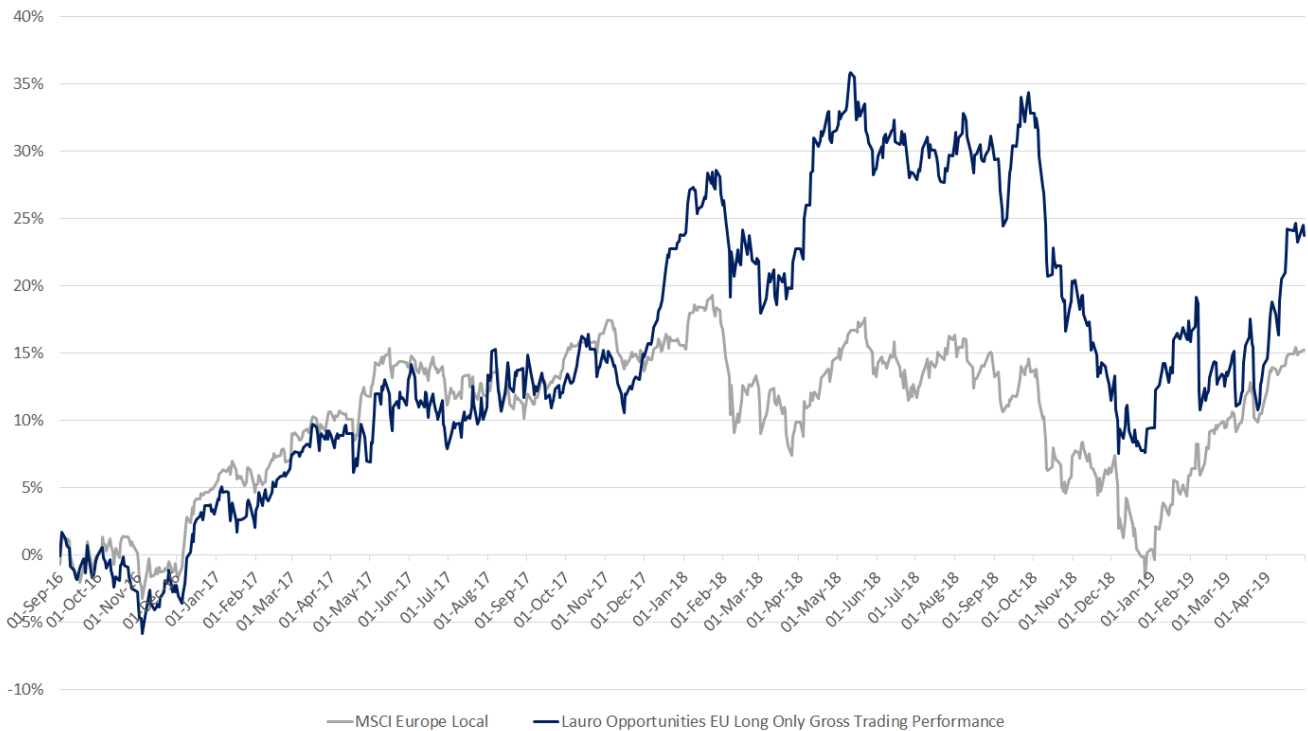
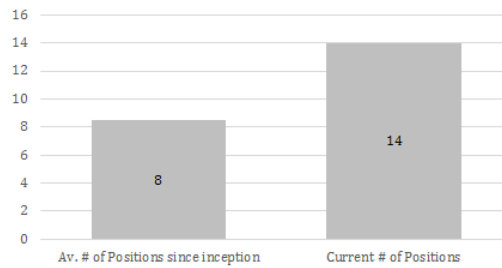
Market Cap Exposure (%)



Top 5 Holdings (%)



of Positions



FEE SCHEDULE

Long/Short	<\$100m AUMs: Founder's	>\$100m AUMs	
		1 year	1 quarter
Share Class	1 year	1 year	1 quarter
Minimum Investment	\$1,000,000	\$1,000,000	\$1,000,000
Management Fee	1.5% up to \$100m AUMs 1.25% \$100-200m AUMs 1% at \$200m+ AUMs	1.5%	1.75%
Incentive Fee	15%	15%	15%
Liquidity	Quarterly soft lock up with early penalty fee	Quarterly soft lock up with early penalty fee	Quarterly
Early Penalty Fee	Prorated amount of unpaid management fee	2%	n/a
Subscription Frequency	Monthly	Monthly	Monthly
Redemption Frequency	Monthly w/ 90 days notice	Monthly w/ 90 days notice	Monthly w/ 90 days notice
Capacity	Until AUMs reach \$100m	n/a	Maximum 25% of AUMs

Long Only	<\$200m: Founder's	>\$200m AUMs 1-Year	
		1 year	1 quarter
Share Class	1 year	1 year	1 quarter
Minimum Investment	\$5,000,000	\$5,000,000	\$5,000,000
Management Fee	0.75% up to \$200m AUMs 0.5% \$200-500m AUMs 0.25% at \$500m+ AUMs	1%	1.25%
Incentive Fee	15% above benchmark	15% above benchmark	15% above benchmark
Liquidity	Quarterly soft lock up with early penalty fee	Quarterly soft lock up with early penalty fee	Quarterly
Early Penalty Fee	Prorated amount of unpaid management fee	2%	n/a
Subscription Frequency	Monthly	Monthly	Monthly
Redemption Frequency	Monthly w/ 90 days notice	Monthly w/ 90 days notice	Monthly w/ 90 days notice
Capacity	Until AUMs reach \$200m	n/a	Maximum 25% of AUMs

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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