

Month: +0.5% gross / +0.2% net

Total AUMs: US\$51m

**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**

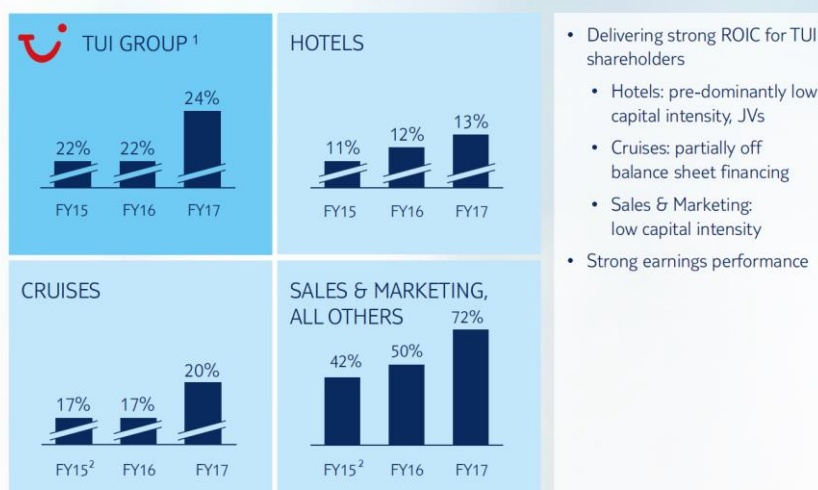
## MONTHLY HIGHLIGHTS

**April returned +0.2% net vs. +4.3% MSCI EAFE ex Japan Local index.** On the positive front, core portfolio positions in both LVMH and Man Group delivered significantly better earnings than market expectations with share prices up +16% and 6% respectively. Woodside post the shock rights issue in February was up +10% from an oversold position and strong oil price. Our short book was the main drag on the portfolio costing ~300bps (key detractors H&M, SJM, Singapore Press, AmorePacific) as it reversed some of the performance from Jan-Mar. Brilliance was hit again post the confirmation by China of cut in tariffs but more importantly the opening up of JV and ownership by foreign players in China over time. Stock down -14%. But our investment theses remaining intact on all these names, we did what we do best, nothing... and remain confident in our ability to get paid in the future.

**On the trading front,** we exited our position in Norwegian salmon farmer Salmar after a very rapid increase in the share price (+79% at end of Jan to exit). Having revisited our investment case, we couldn't find any more upside and took our profits, as per our process. Otherwise, we took advantage of the weakness in Tui, Melco, Woodside and Allied Irish in the earlier part of the month to increase our positions further. We also topped up our position in Brilliance at the lows for the month. On the short side, we closed down one of our UK short positions post a demerger proposal. We also reduced our short position in two of our Singaporean shorts as the asymmetry looked less compelling.

**Tui – Revisiting our investment case on our largest position.** Recall our portfolio newsletter from Sept 2016: “The differentiated work we have done is breaking down the operating returns across the value chain to unveil significant earnings and cash opportunities not currently embedded in the share price. As we wait for the market to recognise the underlying value, the Company will continue to pay a secured 5% dividend yield”. Since then, the stock has delivered absolute returns of ~70%+ with the breakdown of returns reflecting around 40% earnings growth, 20% multiple expansion and around 10% from capital returns (dividends). It has also been encouraging to see the company starting to use some of our analysis in the way they communicate to the market (see below), a sign amongst others that our Active approach with management is generating the expected results. Where to from here? Despite the strong run in the share price, the market is yet to fully understand the cash generation power of the integrated business model. We still see ~20%+ upside on a 12-month view, excluding any further multiple expansion. We remain long-term holders.

### 3 Business model strength continues to drive ROIC



<sup>1</sup> Pre IFRS 16

<sup>2</sup> Based on former segmentation - Marella Cruises within Source Markets

KEY FIGURES END OF MONTH

Lauro Opportunities Key Figures

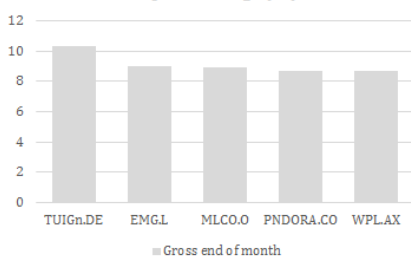
	Net Performance					Ann. Vol. Since Inception	Sharpe Ratio Since Inception	Av. Net Since Inception	Av. Gross Since Inception	Max. Monthly Drawdown	% Positive Months
	MTD	2018 YTD	2018 Annualised	2017A	Inception to Date						
Lauro 1-Year Share Class	0.2%	0.3%	1.0%	12.0%	3.6%	6.5%	0.7	37%	118%	-3.6%	57%
Lauro 3-Year Share Class	0.2%	0.4%	1.1%	11.5%	12.8%	6.6%	1.5	41%	123%	-2.6%	75%

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

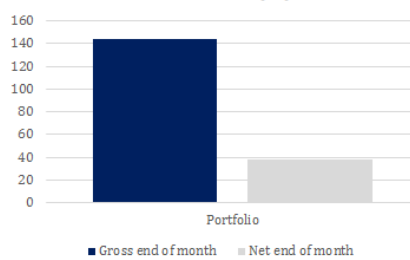
YTD Net Performance 3-year Share Class (%)

	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%									0.4%

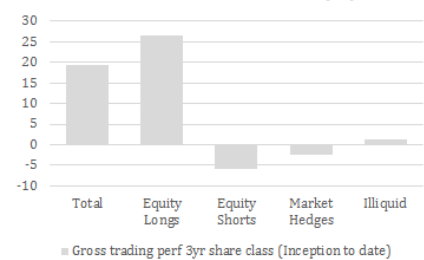
Top 5 Holdings (%)



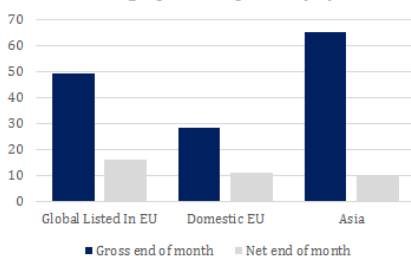
Gross vs. Net (%)



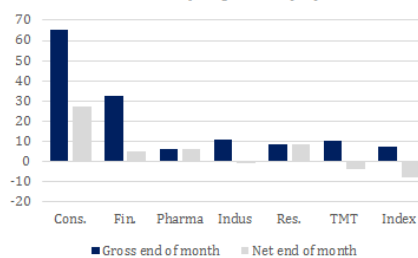
Performance Contribution (%)



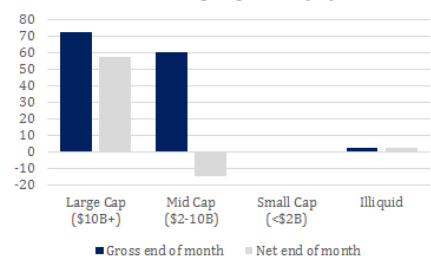
Geographical Exposure (%)



Industry Exposure (%)



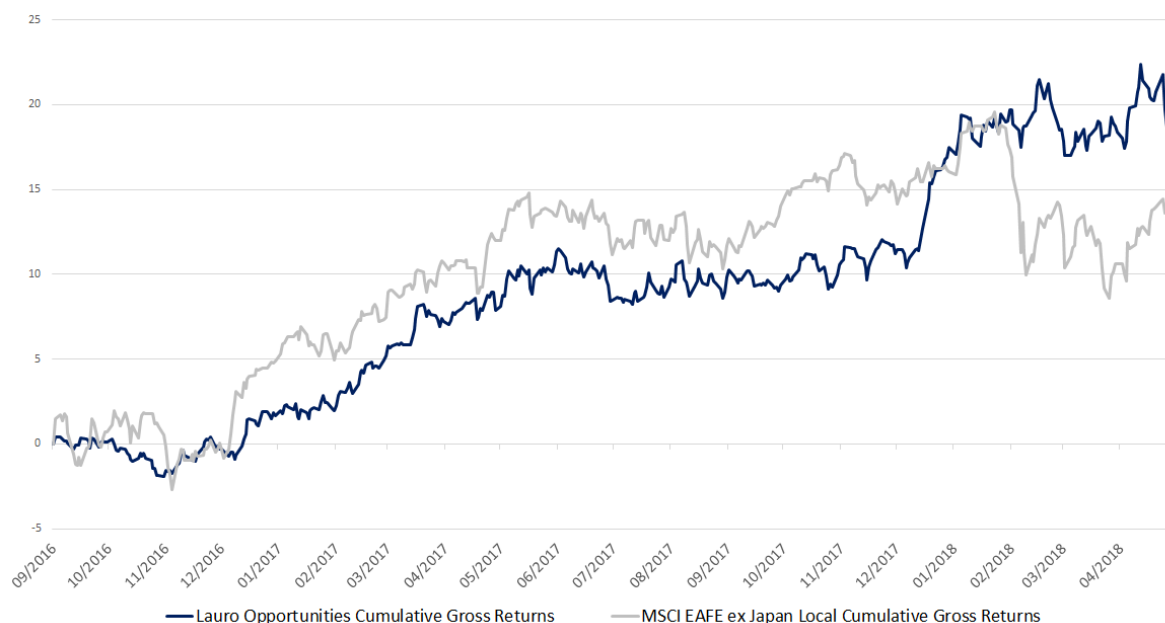
Market Cap Exposure (%)



3-Year Share Class	Target	Since Inception (Sep '16)	At End of Apr '18	Comments
• # of stocks	20-30	23	28	Concentrated Portfolio
• Long Positions	10-20	14	16	
Median Holding Period	24 months+	20 months		Work in progress
Average Sizing	4-8%	6% / top long 14%	6% / top long 10%	Top 10 positions: ~90% of Long book
• Short Positions	5-15	9	12	
Median Holding Period	9-12 months	10 months		
Average Sizing	3-6%	4% / top short 8%	4% / top short 8%	Alpha shorts, limited use of market hedges
Gross Exposure	120% - 150%	123%	144%	
Net Exposure	20% - 50%	41%	38%	Gross & net exposures are "typical" ranges
Volatility	>10%	7%	11%	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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