

Month: +1.7% gross / +1.5% net

Total AUMs: US\$55m

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

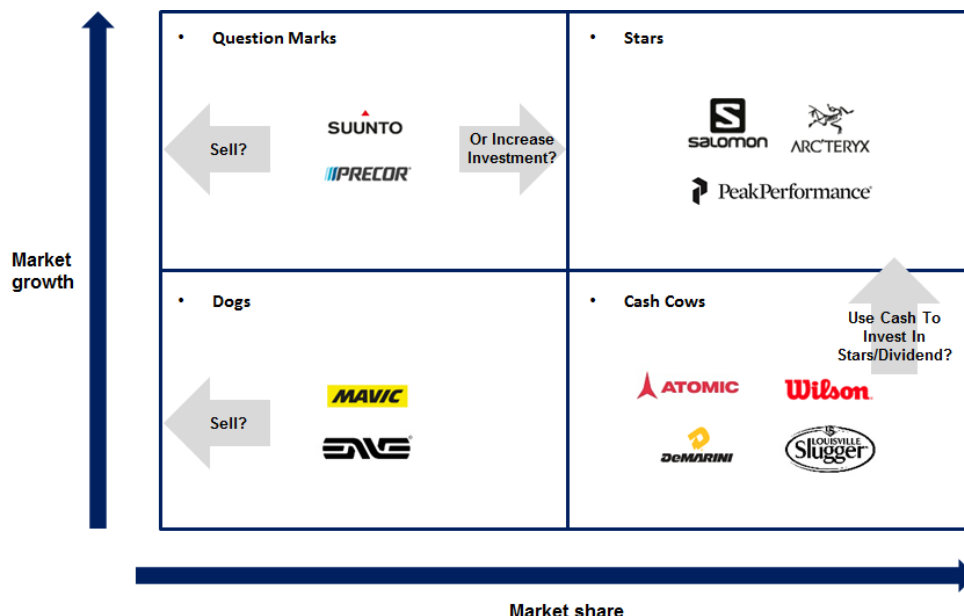
MONTHLY HIGHLIGHTS

September was a positive month with the portfolio delivering +1.5% net vs. flat for the MSCI EAFE ex Japan Local index. Underlying Europe was flat (+0.3%) while Asia underperformed -1.6% mainly driven once again by weakness in China (-1.9%). We attended a couple of conferences in Europe as part of our Research work and across industries, inflation & digitisation were at the forefront of every presentation. Our back tests suggest the portfolio should do well in an inflationary environment given our large positions in both Energy & Financials.

Key contributors/detractors. It was encouraging to see absolute performance being generated in both the Long (40bps) & the Short book (125bps) in September. On the positive front, key position Amer Sports (see more below) was the subject of a bid from Anta Sports and settled half way through between the deal offer price & its undisturbed share price. Stock up 22%. Tui Group reassured the market with its Q3 trading update, showing strong customer growth & bookings and reiterating its FY19 guidance, stock up 4%. Finally, our short investment thesis in Zalando was confirmed through its profit warning on Q3 & FY18, stock down -26%. On the negative front, Melco continued on its recent weakness with a typhoon leading to the first ever closure of casino operations in Macau and worries about industry deceleration given the slowdown of the Chinese economy, stock down -11%. Finally, AIBG decreased alongside all EU Banks on the back of the Italian budget issues, stock was down -9%.

On the trading front, our short in Hugo Boss reached its target price, leading us to take profits. We took advantage of the weakness and ensuing attractive asymmetry in Melco, Allied Irish Group and Mediobanca to increase our positions and finally, we increased our short in Zalando on the back of confirmation of our investment thesis.

As mentioned above, key position Amer Sports was approached to be taken over by Chinese Anta Sports at a EUR40/share valuation, implying a ~40% premium to the undisturbed share price. Amer is a global manufacturer and retailer of outdoor, fitness and ball sports, combining high end niche brands like Arc’teryx, Salomon, Atomic, Suunto, Wilson & more recently Peak Performance. Our investment thesis is predicated on the value residing in the review of the overall portfolio to further position the company as a high pricing power, highly cash generative company driven by its niche brands (see visual below). Given its size, a potential takeover was always a possibility and Anta’s offer price looks fair to us and we look forward to the closure of the deal.



KEY FIGURES END OF MONTH

Lauro Opportunities Key Figures

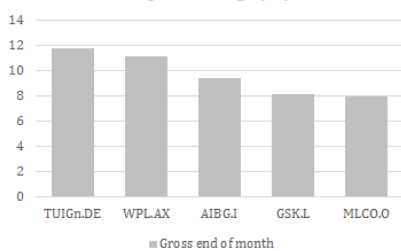
	Net Performance					Ann. Vol. Since Inception	Sharpe Ratio Since Inception	Av. Net Since Inception	Av. Gross Since Inception	Maximum Monthly Drawdown	% Positive Months
	MTD	2018 YTD	2018 Annualised	2017A	Inception to Date						
Lauro 1-Year Share Class	1.5%	-2.2%	-3.0%	12.0%	1.0%	6.7%	0.5	36%	119%	-3.6%	55%
Lauro 3-Year Share Class	1.5%	-2.2%	-3.0%	11.5%	9.8%	6.9%	1.1	38%	124%	-2.5%	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

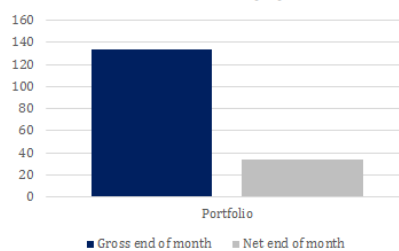
YTD Net Performance 3-year Share Class (%)

	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%				-2.2%

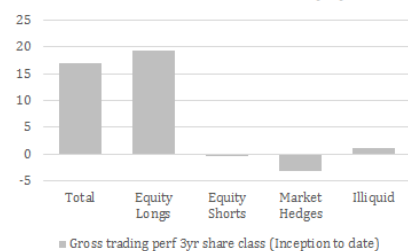
Top 5 Holdings (%)



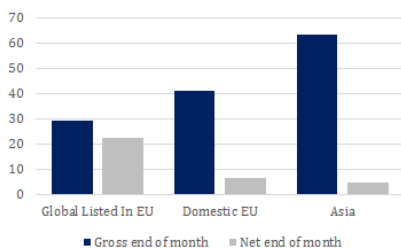
Gross vs. Net (%)



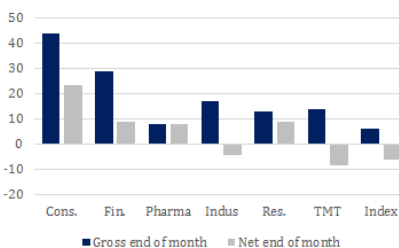
Performance Contribution (%)



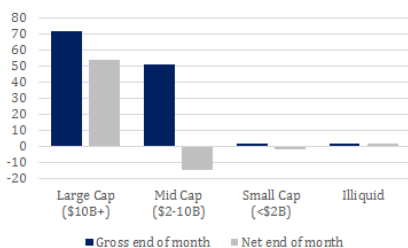
Geographical Exposure (%)



Industry Exposure (%)



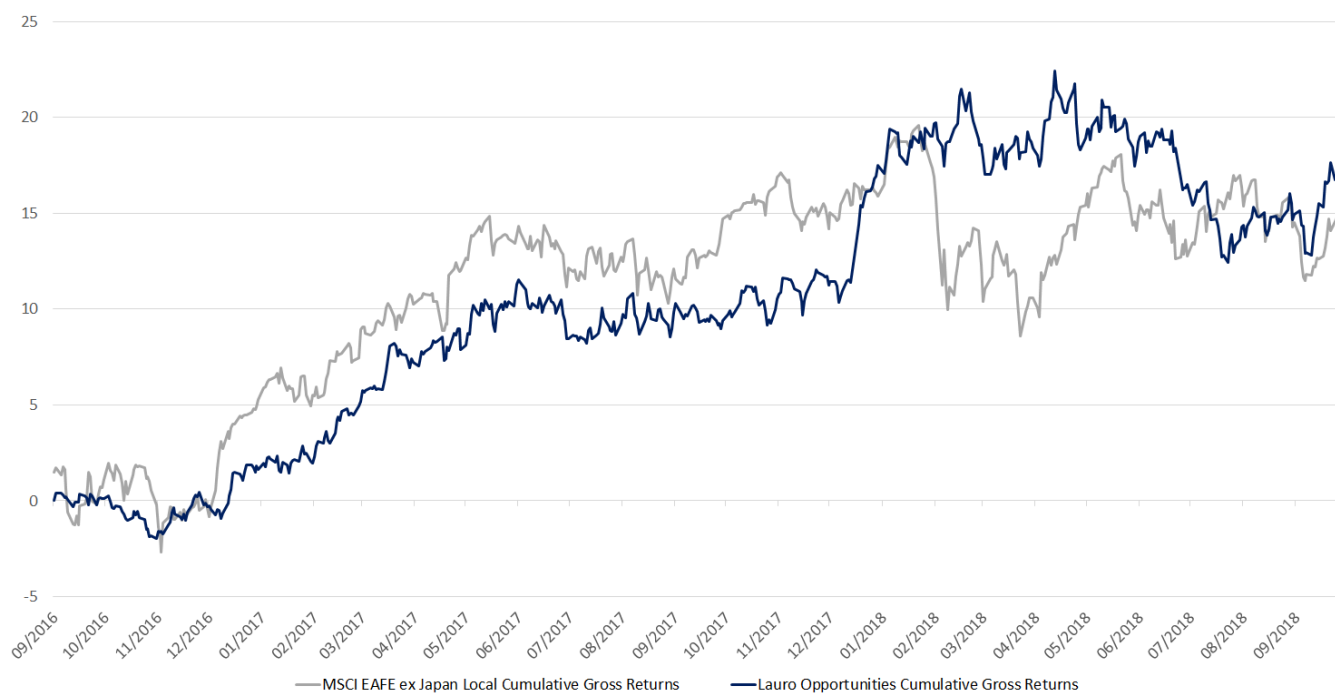
Market Cap Exposure (%)



3-Year Share Class	Target	Since Inception (Sep '16)	At End of Sep '18	Comments
• # of stocks	20-30	24	23	Concentrated Portfolio
• Long Positions	10-20	14	13	
Median Holding Period	24-36 months	20 months		Work in progress
Average Sizing	4-8%	6% / top long 14%	6% / top long 12%	Top 10 positions: ~90% of Long book
• Short Positions	5-15	10	10	
Median Holding Period	9-12 months	10 months		
Average Sizing	3-6%	4% / top short 8%	3% / top short 8%	Alpha shorts, limited use of market hedges
Gross Exposure	120% - 150%	123%	132%	Gross & net exposures are "typical" ranges
Net Exposure	20% - 50%	39%	32%	
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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