

Month: -5.2% gross / -5.3% net

Total AUM: US\$47m

Lauro is a European Long/Short Equity Fund managing a long-term concentrated portfolio of 20-30 holdings. We believe deep fundamental research focused on ROIC, cashflow generation & attractive asymmetry are key to long-term value creation. We work to maximise the idiosyncratic nature of our returns through our active engagement with management teams.

MONTHLY/YEARLY HIGHLIGHTS

We finished the month of January -5.3% net vs. -1.0% for the MSCI Europe Local index. The positive trajectory of markets continued into the New Year, pushed further by the unexpected Senate win by the Democrats which reinforced the potential for more stimulus and investment in the Green deal. We used this strength at the beginning of the month to cut some exposures across mining, green energy, and commercial property. There were 2 important drivers for the negative performance over the month a) the continued impact of the virus in Europe despite the commencement of the vaccine roll out. b) the impact of the Gamestop in the last week of the month which lead to de-grossing with our long positions underperforming as a consequence. We were buying into this mini drawdown at the back end of the month as we saw this event as a technical rather than fundamental issue for some of our core holdings.

Key contributors/detractors – the key detractors for the month were mainly the domestic reopening stocks incl Stroer (-130bps), Ryanair (-100bps), Vinci (-60bps) and Nexi (-50bps) as well as clean energy player Vestas (-116 bps). On the positive side Tesco posted a positive Christmas trading period and contributed +40ps. Orpea contributed +40bps despite the worsening virus environment in France. No major outliers were found from our short portfolio.

On the trading front – as intimated above, January was a more active month for trading as we took profit in the first half of the month, tactically traded around Gamestop volatility and ended the month in adding to some of our core holdings. Overall our net fell around -8% over the month with no real change in the key drivers of the portfolio.

Short Portfolio – last month we stated, “we believe excess liquidity in the market has created significant pockets of overvaluation in companies trading above their intrinsic value and growth optionality”. Our point was that excess liquidity will likely lead to good opportunities for the short portfolio over time. Although Gamestop ironically highlighted why this excess liquidity could lead to dangerous short squeezes, it also reminds us why we have built a strong process particularly around our short positions. We should continue to expect these kinds of events as we exit Covid-19 and ultimately as liquidity is taken out of the system. An overview of our short portfolio is outlined as follows:

	Total	Comment
Alpha Shorts	(25.0)	9 stocks with average position 2.8%
Basket Hedges	(22.4)	Basket hedges look to hedge our factor / sector risk
Portfolio Hedges	(10.7)	Portfolio hedges composed options + size risk (small caps)

Currently alpha shorts represent around 45% of the short portfolio which is low by historic standards. This reflects a bottom-up view on current short opportunities particularly as we move into re-opening. We have initiated 5 new shorts over the past 6 weeks and will look to build these up over time. Further we have an incremental 3-5 shorts on the reserve list waiting for the right entry point. As we build out the alpha shorts you should see the tactical short reduce, as we replace them with alpha shorts.



LAURO
ASSET MANAGEMENT

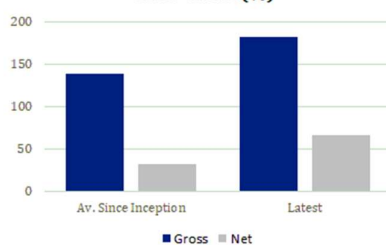
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KEY FIGURES END OF MONTH

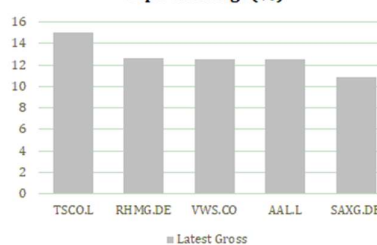
Net Performance Lauro Opportunities Europe Fund

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	LAURO	MSCI EU
2019				3.3%	-2.8%	2.3%	2.4%	-0.1%	1.0%	-3.1%	-0.4%	0.2%	2.6%	8.4%
2020	-2.6%	-2.5%	-3.4%	-0.2%	2.2%	-3.8%	0.1%	4.2%	0.7%	-6.6%	15.7%	4.4%	6.7%	-4.3%
2021	-5.3%												-5.3%	-1.0%
Annualised Rate of Return													2.1%	4.0%
Annualised Volatility													13.3%	21.1%

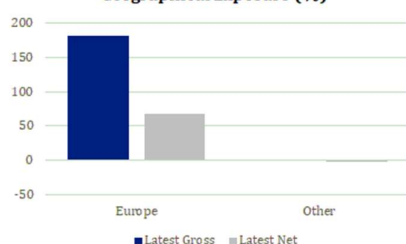
Gross vs. Net (%)



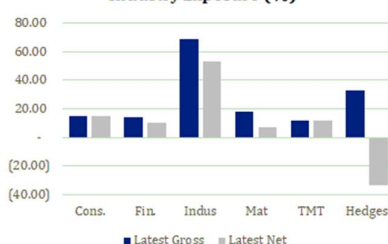
Top 5 Holdings (%)



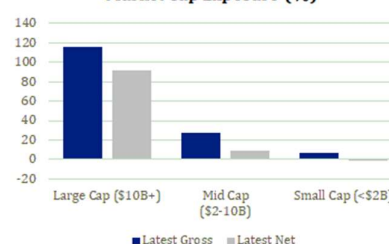
Geographical Exposure (%)



Industry Exposure (%)



Market Cap Exposure (%)



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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