

Month: +1.8% gross / +1.5% net

Total AUMs: US\$48m

Lauro is a 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

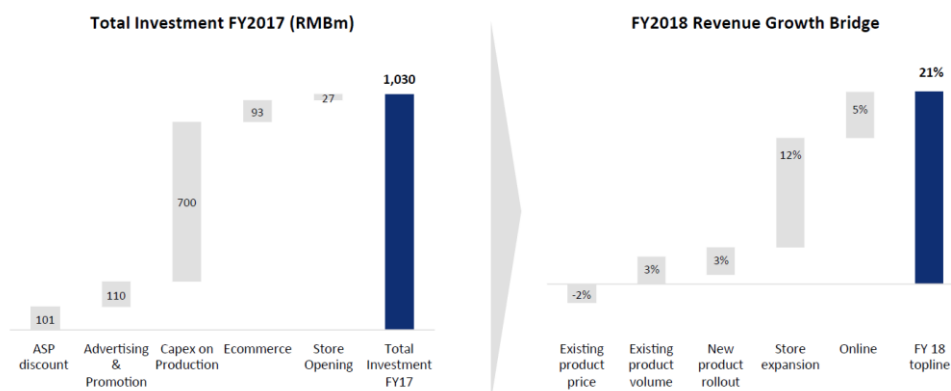
MONTHLY HIGHLIGHTS

January returned +1.5% net vs. +1.1% MSCI EAFE ex Japan local index. The global equity markets entered 2018 in a similar fashion to 2017 – strong across the board particularly in emerging markets. With continued weakness in the USD, this led to strong performance in Asia with Europe and Japan underperforming in local currency terms.

Key drivers of performance: Interestingly, the short portfolio did disproportionately more of the heavy lifting in January delivering 8bps absolute despite strong equity markets. H&M continued to be a main contributor down 18% on the month reflecting another downgrade to earnings and continued question marks over strategy. Further our shorts in Singapore REITs and UK banks rolled over in January down around 5%. The long book was up around 1.8% which was marginally disappointing vs. the market. Key contributors were Man, Tencent, Bank of Ireland & Tui as well as our illiquid position Tellus, getting revalued on the back of government approval. The main detractor over the month was Pandora (down 16%) which although beating expectations, used its capital markets day to rebase earnings expectations. After a strong December Zhou Hei Ya also underperformed on no new news (more below).

On the trading front, we were relatively active as we took advantage of strong price action to reshape the portfolio. Several stocks either hit or were close to our price targets & we took profits accordingly (Tencent, Tui, Sandfire, Woodside and to a lesser extent Melco). We recycled some of these positions into underperforming stocks (Zhou Hei Ya, Brilliance, Amer Sports and Pandora). We also initiated 2 positions in New Oriental (Chinese education) and Salmar (Norwegian salmon) on weakness. We have been very focused on the short portion of our book over the last couple of months and as such added to names whose upswing was driven by liquidity rather than fundamentals, closed two underperforming positions whose investment case was broken and initiated three new names. We also used the collapse in volatility to continue to purchase some long-dated puts on the SPX. The combination of our trading activity and the puts mean we exited January with limited underlying momentum in the portfolio, a key focus of ours post the strong run up of the market. Our gross and net fell over the month by 12% and 4% respectively, very much in line with our process.

Time to revisit Zhou Hei Ya (Aug '17): We travelled to Zhou Hei Ya's headquarters in Wuhan in January to meet management and review the manufacturing and distribution capabilities. Our investment case is reflected below:



We came away from the visit confident that the investment in the business will convert into market share gains in line with our revenue bridge. We were impressed by the manufacturing facilities as well as the expansion in new SKUs the company is releasing (crayfish). We used the recent share price weakness to increase our position.

Lauro Opportunities Key Figures

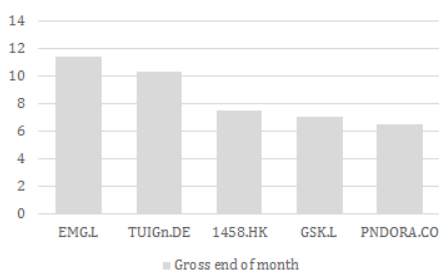
	Net Performance					Ann. Vol.	Sharpe Ratio	Av. Net Since Inception	Av. Gross Since Inception	Max. Monthly Drawdown	% Positive Months
	MTD	2018 YTD	2018 Annualised	2017A	Inception to Date						
Lauro 1-Year Share Class	1.5%	1.5%	17.5%	12.0%	6.3%	6.1%	0.8	37%	115%	-3.4%	63%
Lauro 3-Year Share Class	1.5%	1.5%	18.5%	11.5%	14.1%	6.0%	1.9	41%	120%	-2.6%	88%

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

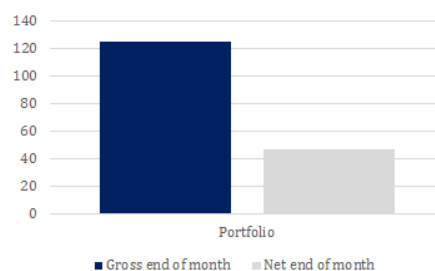
YTD Net Performance 3-year Share Class (%)

	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%												1.5%

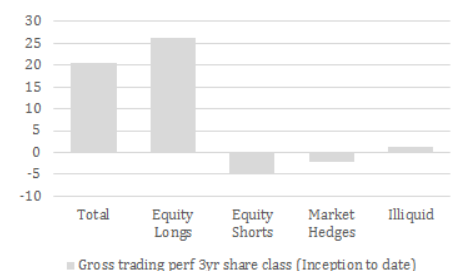
Top 5 Holdings (%)



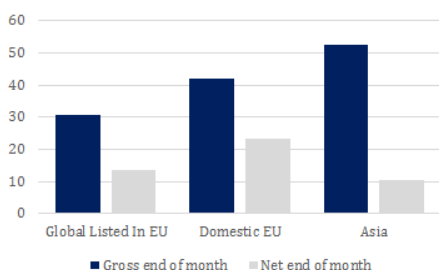
Gross vs. Net (%)



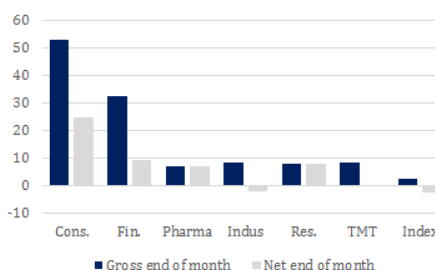
Performance Contribution (%)



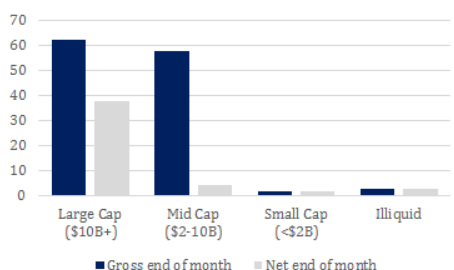
Geographical Exposure (%)



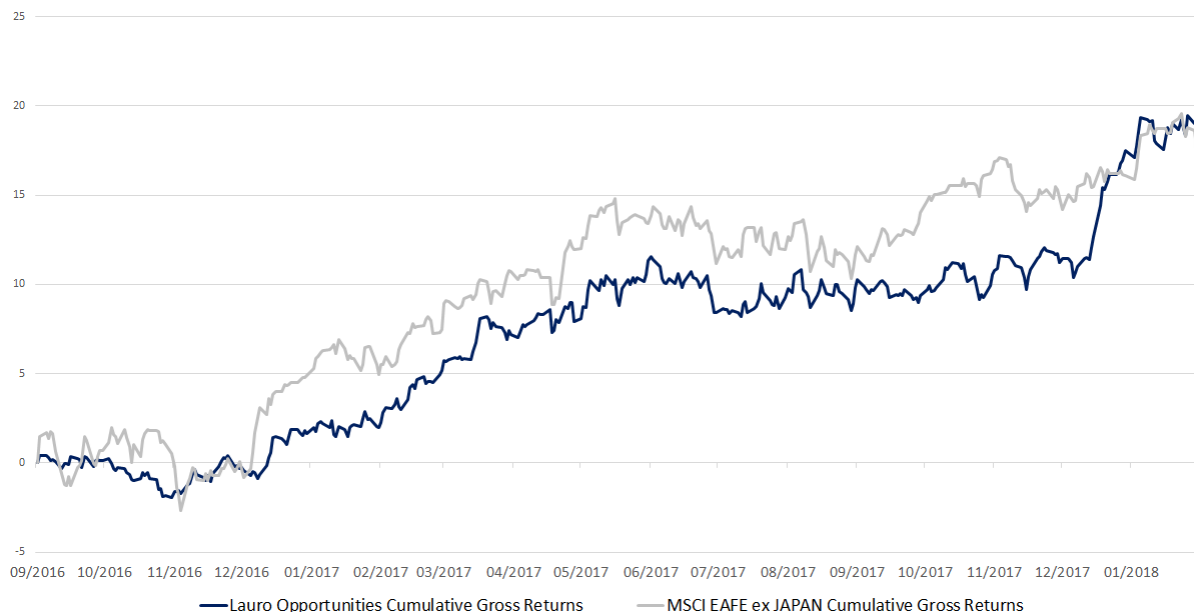
Industry Exposure (%)



Market Cap Exposure (%)



3-Year Share Class	Target	Since Inception (Sep '16)	At End of Jan '18	Comments
• # of stocks	20-30	23	26	Concentrated Portfolio
• Long Positions	10-20	14	17	
Median Holding Period	24 months+	17 months		Work in progress
Average Sizing	4-8%	6% / top long 14%	5% / top long 11%	Top 10 positions: ~90% of Long book
• Short Positions	5-15	9	9	
Median Holding Period	6-12 months	10 months		
Average Sizing	3-6%	4% / top short 8%	4% / top short 6%	Alpha shorts, limited use of market hedges
Gross Exposure	120% - 150%	120%	125%	Gross & net exposures are "typical" ranges
Net Exposure	20% - 50%	41%	47%	
Volatility	>10%	6%	8%	
Illiquids	Up to 20%	2%	3%	First illiquid investment in Jun'17. Investors can opt in or out
Region				Predominantly Europe & Asia



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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