

Month: +0.5% gross / +0.3% net

Total AUMs: US\$54m

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

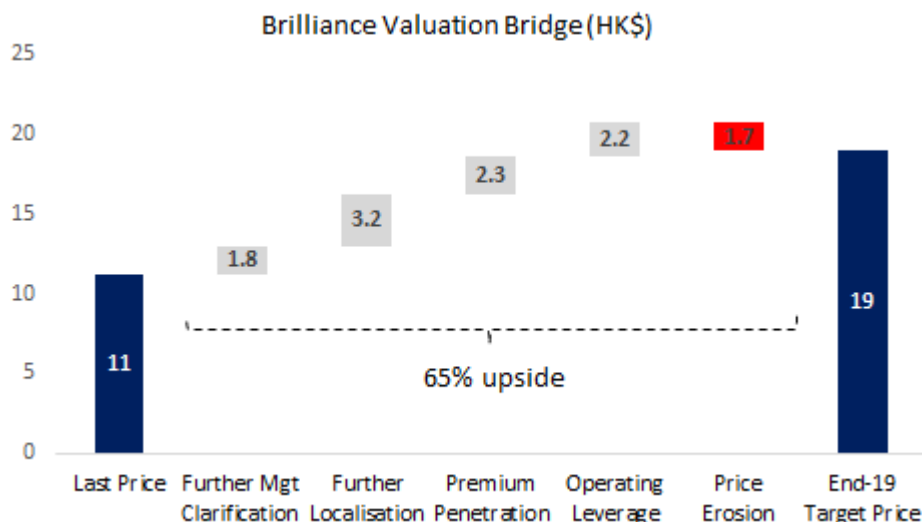
MONTHLY HIGHLIGHTS

August was a more constructive month with the portfolio delivering +0.3% net vs. -2.3% MSCI EAFE ex Japan Local index. Underlying was a large divergence of performance across regions with Asia ex Japan (-0.9%) faring better than Europe (-2.6%) ... to realise when digging deeper that China had another month of awful performance (-3.9%), driven by further signs of deceleration and escalating Trade War rhetoric. In that light, we were encouraged to see the portfolio exhibiting resilience given most of our risk resides in China and Europe. Where to from here? Continued volatility through numerous events into year-end: Potential stimulus from China, (de)escalation of the Trade War, ongoing Brexit negotiations, Italian budget, potential contagion in Emerging Markets beyond current suspects, US mid-term election and finally the end of QE in Europe. We continue to feel comfortable with our low net positioning (20-25%), letting the stocks do the heavy lifting.

Key contributors/detractors. The key driver of the performance was a pleasing Q2/H1 earnings season. Of the 24 stocks in the portfolio, 18 outperformed expectations, 2 were neutral whilst 4 missed. On the positive front, our Short book provided significant relief (250bps) from falling markets. Our large China Auto short was down -14% due to decelerating volumes & earnings and a deteriorating balance sheet. Our EU Apparel and Aus Leisure shorts also missed, stocks being down -11% & -14% respectively. On the long side, Woodside continued to grind higher +5% inc. dividends post positive results. Brilliance also announced strong results and confirmed the ongoing JV discussions with BMW would only be concluded on shareholder friendly terms, stock up +21%. Sadly, that was it for the Long book with long-term holding Tui down -13% on disappointing Q3 results. The miss was driven by warm weather in EU leading to staycations rather than the usual pilgrimage to the Mediterranean. Robam and Zhou Hei Ya, although small positions, were both casualties of a slowing China consumer, stocks down 20-25%. Of the two, our investment thesis in Zhou Hei Ya was invalidated and we exited the position, as per our process.

On the trading front, we increased our Long position in Brilliance, Amer Sports and Woodside post strong earnings and lower share prices. We also added to shorts where our investment case was confirmed post results (Aus copper, Aus asset manager, Macau hedge). Finally, we exited our short in Janus Henderson and long in Bank of Ireland as both hit our price targets over the month.

As mentioned, Brilliance hit us hard last month (down 28%) due to worries around its JV with BMW. We got “some” confirmation that anything that will happen to the JV will be done in a shareholder friendly manner (i.e. at competitive price & with return of capital to shareholders). We took advantage of the share price weakness to continue to build the position given our conviction. Our bull case is best described by the valuation bridge below:



KEY FIGURES END OF MONTH

Lauro Opportunities Key Figures

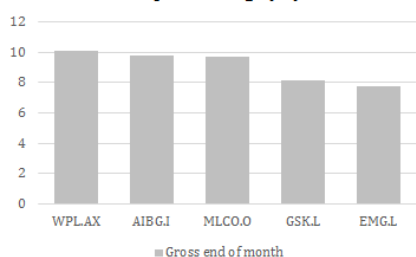
| | Net Performance | | | | | Ann. Vol. Since Inception | Sharpe Ratio Since Inception | Av. Net Since Inception | Av. Gross Since Inception | Maximum Monthly Drawdown | % Positive Months |
|--------------------------|-----------------|----------|-----------------|-------|-------------------|---------------------------|------------------------------|-------------------------|---------------------------|--------------------------|-------------------|
| | MTD | 2018 YTD | 2018 Annualised | 2017A | Inception to Date | | | | | | |
| Lauro 1-Year Share Class | 0.3% | -3.7% | -5.5% | 12.0% | -0.5% | 6.7% | 0.3 | 36% | 119% | -3.6% | 53% |
| Lauro 3-Year Share Class | 0.3% | -3.7% | -5.6% | 11.5% | 8.2% | 6.8% | 0.9 | 39% | 123% | -2.5% | 67% |

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

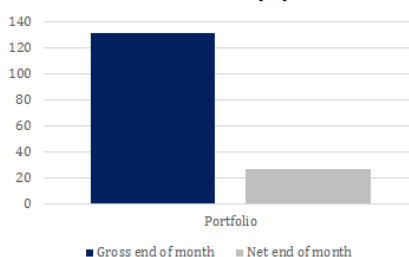
YTD Net Performance 3-year Share Class (%)

| | 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% | | | | | -3.7% |

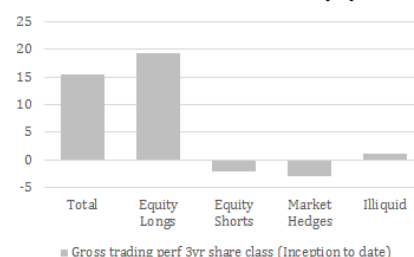
Top 5 Holdings (%)



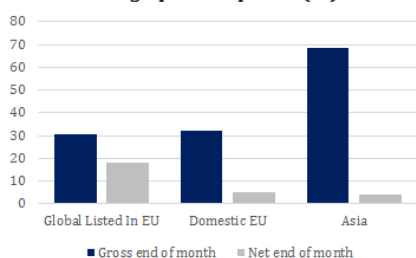
Gross vs. Net (%)



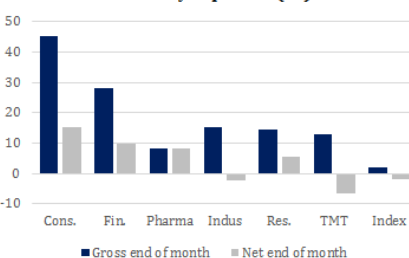
Performance Contribution (%)



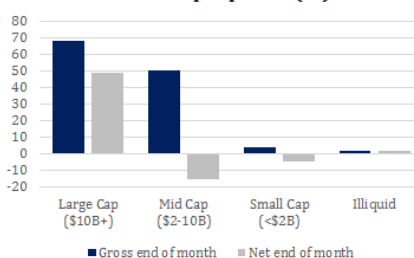
Geographical Exposure (%)



Industry Exposure (%)



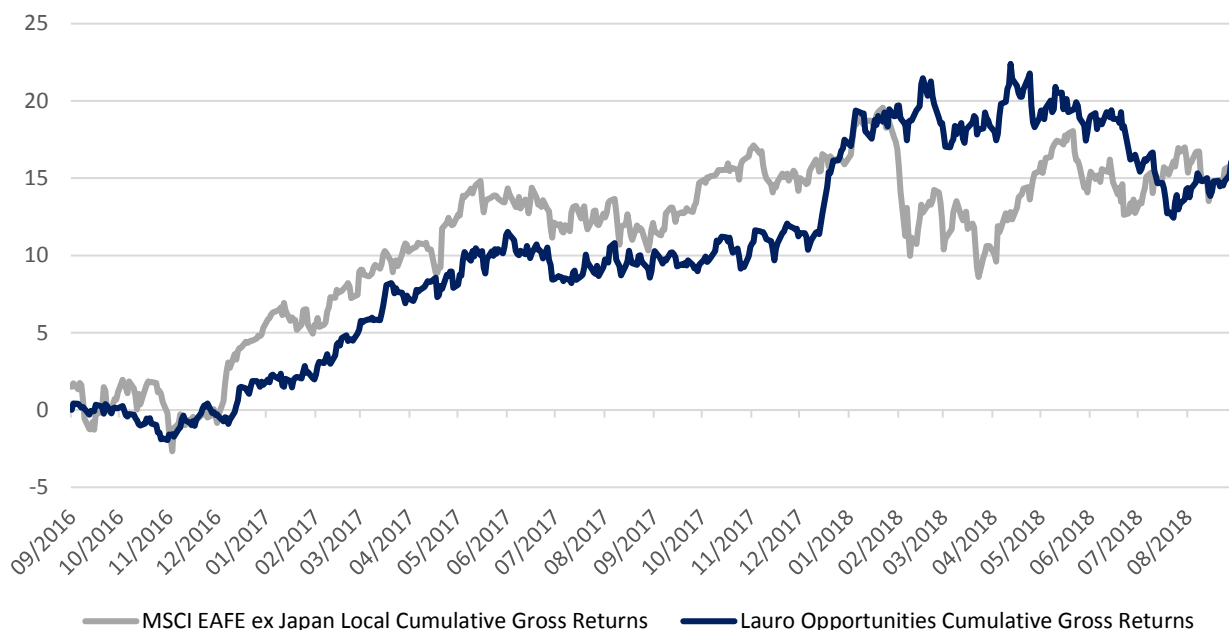
Market Cap Exposure (%)



| 3-Year Share Class | Target | Since Inception (Sep '16) | At End of Aug '18 | Comments |
|-----------------------|--------------|---------------------------|-------------------|--|
| • # of stocks | 20-30 | 24 | 25 | Concentrated Portfolio |
| • Long Positions | 10-20 | 14 | 14 | |
| Median Holding Period | 24-36 months | 18 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 | 10 | 11 | |
| Median Holding Period | 9-12 months | 9 months | | |
| Average Sizing | 3-6% | 4% / top short 8% | 3% / top short 7% | Alpha shorts, limited use of market hedges |
| Gross Exposure | 120% - 150% | 123% | 131% | |
| Net Exposure | 20% - 50% | 39% | 27% | Gross & net exposures are "typical" ranges |
| Volatility | >10% | 7% | 6% | 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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