



L1 CAPITAL

DAILY CLASS

# Long Short Fund

Monthly Newsletter | November 2017

Redemption Price: 1.2466<sup>1,2</sup> | Fund NAV: \$924m

## Monthly Net Performance (%)\*

PERIOD	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT*	NOV	DEC	YEAR
2014	-	-	-	-	-	-	-	-	(2.42)	3.03	2.85	1.61	5.07
2015	0.59	9.14	2.42	1.71	3.73	(0.86)	3.30	2.06	5.51	8.49	8.11	4.61	60.52
2016	5.81	0.59	5.47	2.46	2.78	(0.89)	3.22	3.92	0.46	(0.18)*	0.55	2.13	29.43
2017	2.48	1.79	2.83	1.01	4.14	1.68	2.61	1.67	1.91	2.50	0.80		26.01

Past performance should not be taken as an indicator of future performance.

## Market and Fund Review

**The Fund returned 0.8% in November, taking the net return over the past 12 months to 28.7%.**

**Since inception, the Fund has returned 36.5% p.a. (after fees).**

**The Fund has achieved outstanding risk-adjusted returns (maximum drawdown 2.4%, sharpe ratio 4.1, sortino ratio 24.4).**

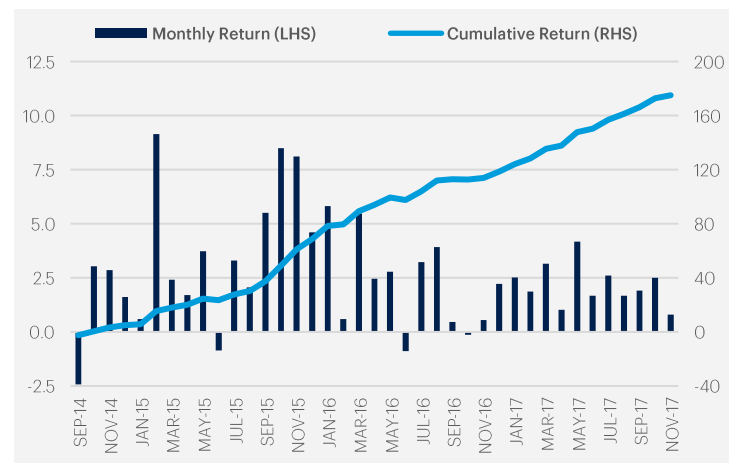
**Performance during 2017 has been very strong (+26.0%), with the Fund delivering positive returns in every month so far.**

In November, the ASX200 continued to rally, rising 1.6%. Information technology (+4.4%), Energy (+4.0%), Consumer Staples (+3.2%) and Healthcare (+3.0%) led the market. Telcos (-1.6%) were the worst performing sector with weaker mobile service revenue at Telstra pressuring their share price. Banks also retreated due to the announcement of a Royal Commission.

Some of the Fund's best performers in November were long positions in News Corp (+18%), Origin Energy (+12%) and Boral (+5%). The largest detractor was Qantas (-8%) which retreated due to the continued rally in oil prices. Despite Qantas rallying 61% over the past year, the shares continue to trade at a P/E of only 9x consensus FY18 earnings. Other contributors for the month were pairs trades in the financial sector and specific stock shorts in the technology sector in Australia and the U.S.

News Corp delivered an exceptionally strong profit result in November, with every division exceeding analyst estimates. Despite the recent rally, News Corp remains extremely undervalued. The current share price only reflects their 62% stake in Realestate.com.au, 80% stake in Realtor.com (the #2 property portal in the U.S.) and their \$2.5b of net cash on the balance sheet. Virtually no value is ascribed to more than a dozen large media and technology assets that contribute more than \$1.2b of EBITDA. We believe the medium term outlook for News Corp is compelling as the market recognises it is actually a fast growing digital media business, rather than a dying "old media" business.

## Fund Performance (Net)\*



## Performance Metrics (%)\*

	LONG SHORT FUND
One month	0.80
Three month (rolling)	5.29
Calendar YTD	26.01
Financial YTD	9.84
One year	28.70
Two years (p.a.)	30.63
Three years (p.a.)	38.56
Since inception (p.a.)	36.53
Since inception (cumulative)	175.08

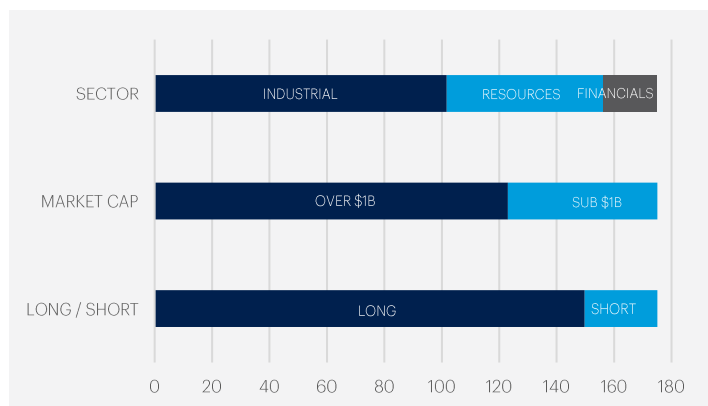
## Fund Characteristics\*

	CURRENT	AVG SINCE INCEPTION
Number of positions	94	72
Number of long positions	62	49
Number of short positions	32	23
Gross long exposure (%)	122%	146%
Gross short exposure (%)	71%	87%
Gross exposure (%)	193%	233%
Net exposure (%)	50%	59%

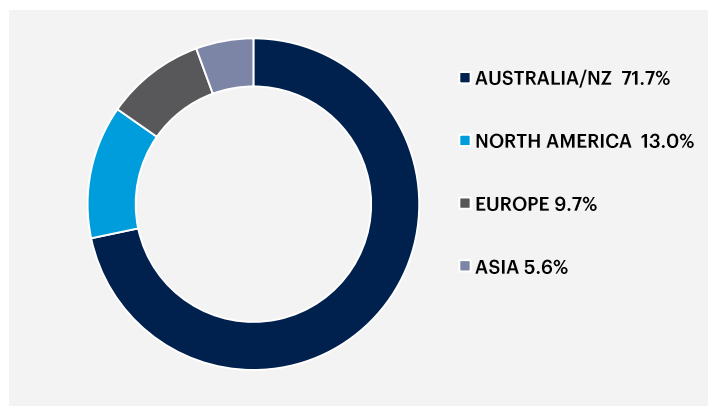
## Risk Metrics\*

	LONG SHORT FUND
Beta	0.23
Sharpe ratio	4.1
Sortino ratio	24.4
Maximum drawdown	2.4%
Percentage of positive months	89.7%
Annualised standard deviation	8.4%
Annualised downside deviation	1.5%

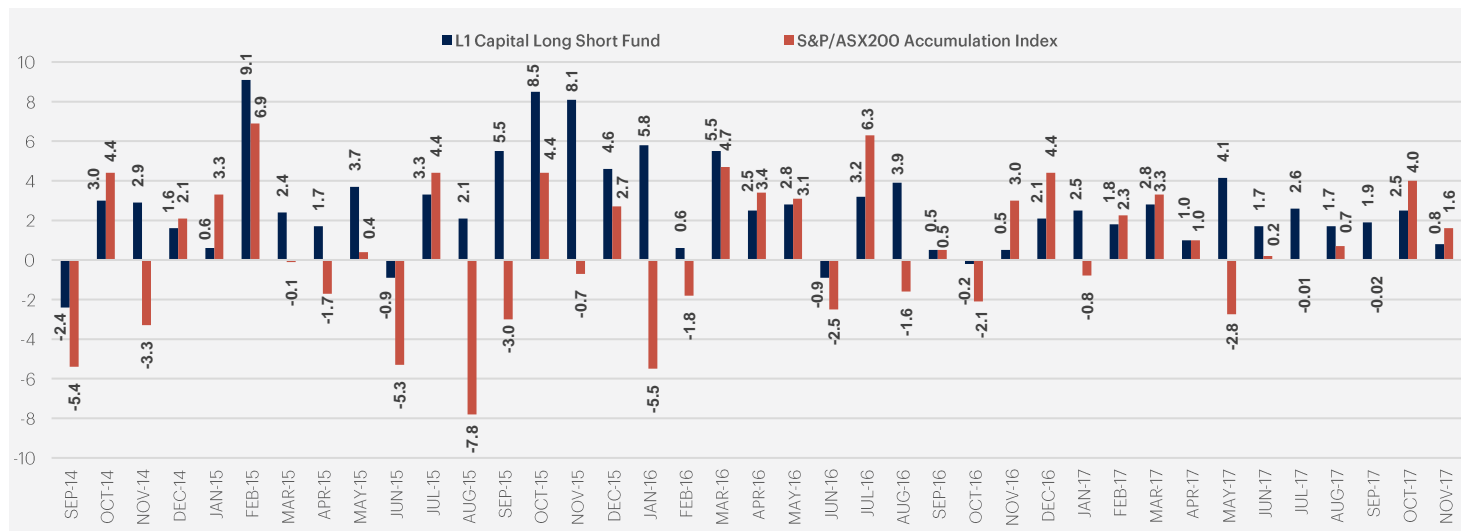
## Attribution since inception (Net %)\*



## Gross exposure by region\*



## Monthly Fund Performance vs S&P/ASX200 Accumulation Index (since inception)\*



## Fund Information

<b>Name</b>	L1 Capital Long Short Fund
<b>Class of Units</b>	Daily
<b>Structure</b>	Unit Trust
<b>Domicile / Currency</b>	Australia / AUD
<b>Inception</b>	1 September 2014
<b>Management Fee</b>	1.54%
<b>Performance Fee</b>	20.50%
<b>High Watermark</b>	Yes
<b>APIR / ISIN</b>	ETL0490AU / AU60ETL04909
<b>Minimum Investment</b>	A\$25,000
<b>Subscription Frequency</b>	Daily
<b>Redemption Frequency</b>	Daily

## Service Providers

<b>Responsible Entity</b>	Equity Trustees Limited
<b>Prime Broker</b>	Morgan Stanley, Credit Suisse (Europe)
<b>Fund Administrator</b>	Link Fund Solutions (formerly White Outsourcing)
<b>Fund Auditor</b>	EY
<b>Fund Custodian</b>	HSBC
<b>Legal Advisor</b>	Hall & Wilcox

There have been no changes to key service providers since the last monthly newsletter.



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## Information contained in this publication

\*All performance numbers are quoted after fees. All performance in this update prior to 3 October 2016 (being the date that the first retail class units were issued) relate to the wholesale class units which are subject to a different fee structure. 1. The value of the Fund's assets less the liabilities of the Fund net of fees, costs and taxes. 2. The redemption price is calculated by decreasing the NAV price by the sell spread (currently 0.25%). The NAV price is the NAV divided by the units on issue. Past performance is not predictive of future returns. Beta is calculated versus the ASX200AI.

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