



L1 CAPITAL

DAILY CLASS

# Australian Equities Fund

Monthly Report | January 2018

INCEPTION DATE: 23 AUGUST 2007 | FUND NAV: \$182M | REDEMPTION PRICE: 1.7218<sup>1,2</sup>

## Monthly Report – January 2018

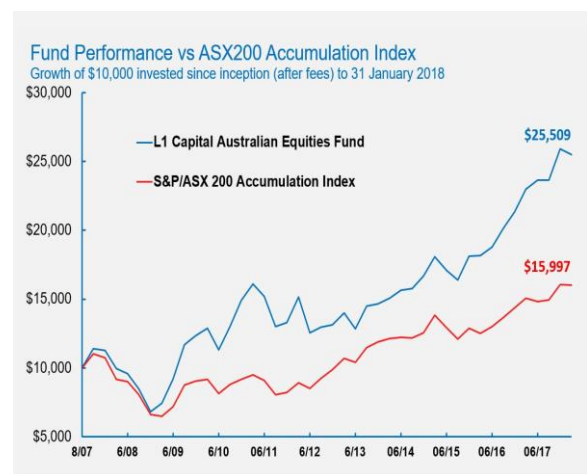
- The L1 Capital Australian Equities Fund delivered a net return of -1.6% for January, underperforming the S&P / ASX200 Accumulation Index by 1.2%.
- Over the past year, the Fund returned 17.2%, exceeding the index by 5.1% (after fees).
- The Fund has been one of the best performing large cap, long only Australian equities funds since its inception, outperforming the S&P / ASX200 Accumulation Index by 4.8% p.a. (after fees).

The ASX200 fell 0.4% in January, despite strong returns in offshore markets. The S&P500 rallied 5.7%, while the MSCI World rose 5.3%. More hawkish Fed comments and signs of inflationary pressures saw bond yields rise in the U.S. and Australia. Yield sensitive sectors were weakest, with Utilities (-4.5%), REITs (-3.3%) and Industrials (-2.1%). Growth sectors outperformed, with Healthcare (+3.2%) and Technology (+2.0%).

Contributors to Fund performance in January included Qantas, Boral and Rio Tinto. Qantas shares stabilised in the month, following a challenging December quarter. Rising oil prices and AGM comments from the CEO that international routes remain oversupplied had weighed on the stock. Macquarie Atlas was a key detractor in January as bond yields rose. The quality of Macquarie Atlas’ standalone assets and rapidly rising dividend profile remains attractive relative to other yield-sensitive sectors, which the Fund remains underweight.

The recent increase in market volatility (from unsustainably low levels) should not come as a surprise to investors. We expect higher volatility to persist, given the gradual withdrawal of central bank asset purchases, which will result in higher volatility for equities and the Fund.

	FUND*	ASX200 (AI)	ALPHA (NET)*
One month	-1.60%	-0.45%	-1.15%
Three months	2.61%	3.02%	-0.41%
One Year	17.24%	12.18%	5.06%
Three Years (p.a.)	15.29%	7.31%	7.98%
Five Years (p.a.)	12.64%	9.07%	3.57%
Ten Years (p.a.)	9.61%	5.29%	4.32%
Since inception (p.a.)	9.33%	4.58%	4.75%
Since inception (cumulative)	155.09%	59.97%	95.12%



\*All performance numbers in this update are quoted after fees. All performance numbers prior to 1 October 2017 relate to the L1 Capital Australian Equities Fund wholesale class of units. The L1 Capital Australia Equities Fund PDS and RG issued 5 September 2017 are a daily class of units. Past performance is not predictive of future returns.

## L1 Capital Overview

L1 Capital is a global investment manager with offices in Melbourne, New York and London. The business was established in 2007 and is 100% owned by its senior staff, led by founders Raphael Lamm & Mark Landau. The team is committed to offering clients the best of breed investment products. L1 Capital manages money for a range of clients including large superannuation funds, insurance companies, endowment funds, private banks, financial planning groups, asset consultants, family offices, high net worth individuals and retail investors.

L1 Capital uses a fundamental, bottom-up research process to identify investments with the potential to provide attractive risk-adjusted returns. The L1 Capital investment approach is largely style-neutral with modest value and contrarian characteristics. The firm launched the L1 Capital Long Short Fund in September 2014. The net return of 36.4% p.a. since inception has been delivered with significantly lower beta and volatility than the market. The Fund has achieved outstanding risk-adjusted returns (maximum drawdown 2.4%, sharpe ratio 4.1, sortino ratio 24.7).

## Fund Information

<b>Name</b>	L1 Capital Australian Equities Fund
<b>Class of Units</b>	Daily
<b>Structure</b>	Unit Trust
<b>Domicile / Currency</b>	Australia / AUD
<b>Inception</b>	23 August 2007
<b>Management Fee</b>	0.77% p.a. inclusive of GST and RITC
<b>Expenses</b>	Maximum of 0.20% p.a.
<b>Performance Fee</b>	15.38% above S&P / ASX200 Acc Index*
<b>High Watermark</b>	Yes
<b>APIR / ARSN</b>	LCPO001AU / 621 183 195
<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>Fund Administrator</b>	Link Fund Solutions
<b>Fund Auditor</b>	EY
<b>Fund Custodian</b>	JP Morgan
<b>Legal Advisor</b>	Hall & Wilcox

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



Level 28, 101 Collins Street  
Melbourne VIC 3000 Australia  
[www.L1.com.au](http://www.L1.com.au)

Phone +61 3 9286 7000  
Fax +61 3 9286 7099  
Email [info@L1.com.au](mailto:info@L1.com.au)

## Disclosure

\*\*All performance numbers in this update are quoted after fees. All performance numbers prior to 1 October 2017 relate to the L1 Capital Australian Equities Fund wholesale class of units. The L1 Capital Australia Equities Fund PDS and RG issued 5 September 2017 are a daily class of units. 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.

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