



L1 CAPITAL

DAILY CLASS

# Australian Equities Fund

Monthly Report | February 2018

INCEPTION DATE: 23 AUGUST 2007 | FUND NAV: \$185M | REDEMPTION PRICE: 1.7476<sup>1,2</sup>

## Monthly Report – February 2018

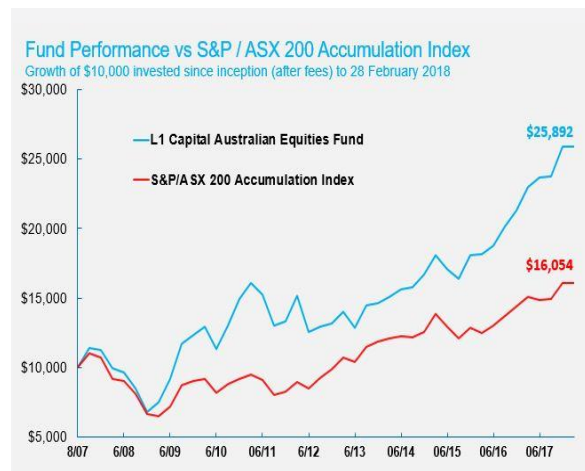
- The L1 Capital Australian Equities Fund delivered a net return of 1.5% for February, outperforming the S&P / ASX200 Accumulation Index by 1.1%.
- Over the past year, the Fund returned 16.2%, exceeding the index by 6.1% (after fees).
- The Fund has been one of the best performing large cap, long only Australian equities funds since its inception, outperforming the S&P / ASX200 Accumulation Index by 4.8% p.a. (after fees).

The ASX200 recovered strongly from the initial bout of volatility to end the month up 0.4%. Healthcare was again the standout sector, surging 7% whilst Telcos and Energy fell 7.8% and 4.6%, respectively. The Fund generated positive returns from a range of sectors including Materials, Real Estate and Industrials.

Qantas was the standout performer for the Fund (rising 12% after delivering an earnings beat and providing upbeat commentary). Chorus (-7%) was the single largest detractor for the portfolio, despite no negative news of note. We used the sell-off to top up our holding and we remain very optimistic about the long-term outlook for Chorus.

In February, the S&P500 suffered a technical correction losing 10% to end the month down 4.3%, while the MSCI World fell 3.9%. Our view is that systematic trading strategies, such as Risk Parity Funds, Macro/CTA & Quant funds (rather than fundamental investors) were the main driver of the short-lived market volatility in February. US 10-year bond yields continued to rise on positive economic data. We believe the unwind of central bank asset purchases is likely to see volatility increase over the next 1-2 years, both for equity markets and the Fund.

	FUND*	ASX200 (AI)	ALPHA (NET)*
One month	1.50%	0.36%	1.14%
Three months	2.31%	1.72%	0.59%
One Year	16.23%	10.10%	6.13%
Three Years (p.a.)	12.94%	5.07%	7.87%
Five Years (p.a.)	11.90%	8.01%	3.89%
Ten Years (p.a.)	9.69%	5.40%	4.29%
Since inception (p.a.)	9.41%	4.57%	4.83%
Since inception (cumulative)	158.92%	60.54%	98.38%



\*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.



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## 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 35.3% 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 4.0, sortino ratio 23.9).

## 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.



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## 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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