



L1 CAPITAL

DAILY CLASS

Long Short Fund

Monthly Newsletter | March 2018

Redemption Price: 1.2461¹² | Fund NAV: \$1,094m

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	4.62	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	0.86	3.50	30.50
2018	0.54	(0.49)	(1.68)										(1.63)

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

Market and Fund Review

The Fund returned -1.7% in March, taking the net return over the past 12 months to 19.7%.

Since inception, the Fund has returned 33.3% p.a. (after fees).

The Fund has achieved outstanding risk-adjusted returns (maximum drawdown 2.4%, sharpe ratio 3.7, sortino ratio 19.8).

In March, ASX200AI (-3.8%) suffered its largest fall since January 2016. Pleasingly, the Fund has outperformed the ASX200AI in every month where the market has fallen (19 occasions since inception).

Global equity markets were battered by a large spike in volatility in March, with the U.S. and China threatening a major trade war and Europe suffering from a hung parliament from the Italian General Election. The ASX200AI fell 3.8%, underperforming major global indices. REITs (+0.1%) were the only sector to sneak into positive territory, whilst Telcos (-6.1%), Financials (-5.8%) and Materials (-4.3%) were the hardest hit.

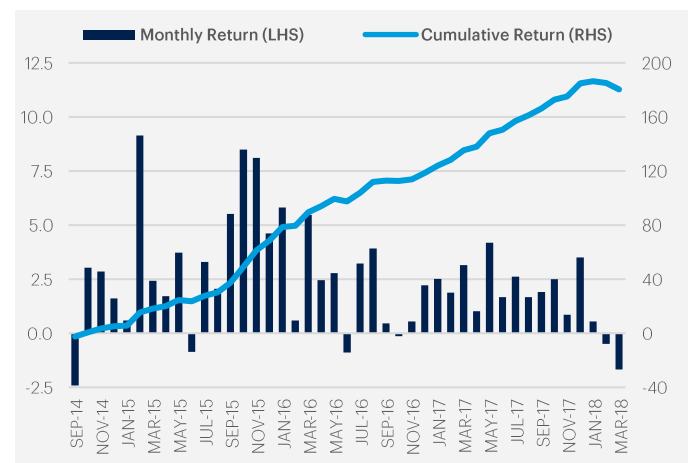
The Fund generated positive returns from sectors including Telcos, Consumer Staples and Technology stocks, whilst Materials, Financials and Health Care detracted from performance. Chorus was the largest contributor to performance in March, rising 11%. The Fund increased its position in February when the shares were sold off on concerns over rising bond yields. Macquarie Atlas again contributed positively, getting credit for its fast-growing dividend profile and monopoly asset base. Despite the volatility, no stock position detracted more than 0.4% in March. The largest detractors were long positions in Europe that suffered from the broader market sell-off (with no material specific news).

We believe technology stocks globally are at risk of a meaningful pullback after an epic 9-year bull market. The NASDAQ Index has risen ~450% over that time. We believe many technology stocks are now dramatically overvalued and are being bought without proper analysis of business fundamentals like cashflows, industry structure and operating trends. Unusual valuation techniques, aggressive accounting assumptions and evangelical CEOs should all be considered investment red flags.

The Fund remains conservatively positioned and extremely diversified by stock, sector and themes. We remain focused on identifying exceptional stock specific opportunities with asymmetric return profiles. We believe the increase in market volatility will create numerous mispriced stocks that should drive Fund returns over the coming years.

Fund Characteristics*	CURRENT	AVG SINCE INCEPTION
Number of positions	93	74
Number of long positions	56	50
Number of short positions	37	24
Gross long exposure (%)	130%	145%
Gross short exposure (%)	84%	87%
Gross exposure (%)	213%	232%
Net exposure (%)	46%	58%

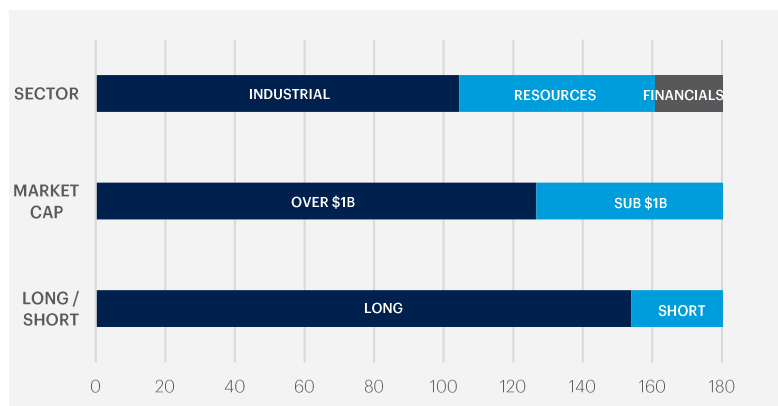
Fund Performance (Net)*



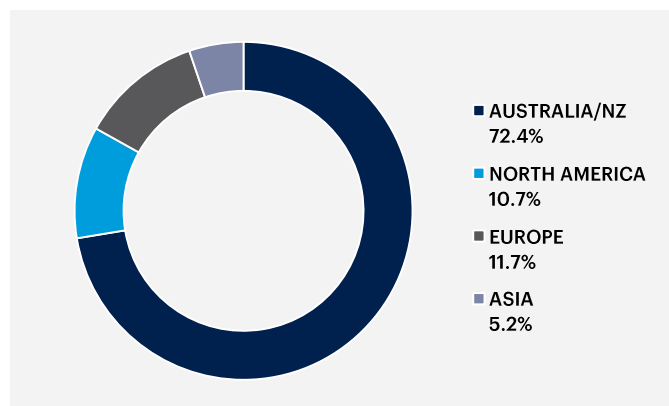
Performance Metrics (%)*	LONG SHORT FUND
One month	(1.68)
Three months (rolling)	(1.63)
Financial YTD	11.90
One year	19.69
Two years (p.a.)	21.66
Three years (p.a.)	33.37
Since inception (p.a.)	33.32
Since inception (cumulative)	180.25

Risk Metrics*	LONG SHORT FUND
Beta	0.27
Sharpe ratio	3.7
Sortino ratio	19.8
Maximum monthly drawdown	2.4%
Percentage of positive months	86.0%
Annualised standard deviation	8.5%
Annualised downside deviation	1.7%

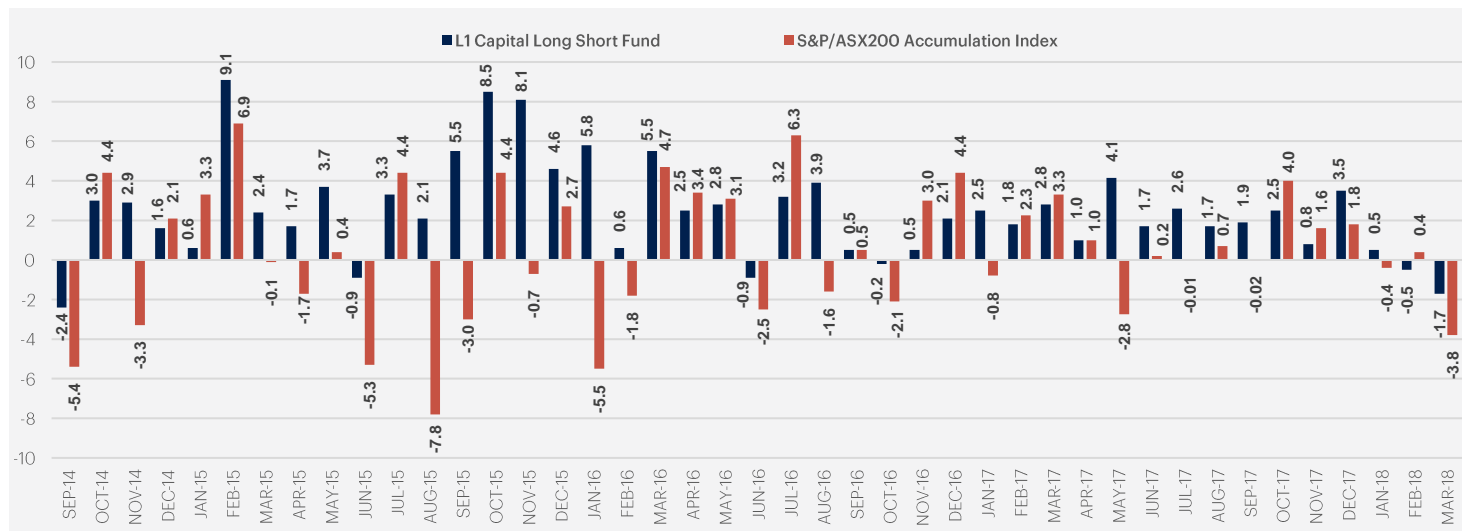
Attribution since inception (Net %)*



Gross exposure by region*



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



Fund Information

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

Service Providers

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



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

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 monthly class units which are subject to a different fee structure. Beta, sharpe ratio, sortino ratio, maximum monthly drawdown, annualised standard deviation and annualised downside deviation relate to the monthly class 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. Beta is calculated versus the ASX200AI. Maximum monthly drawdown is based upon calendar month net returns.

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