



L1 CAPITAL

DAILY CLASS

Australian Equities Fund

Monthly Report | April 2018

INCEPTION DATE: 23 AUGUST 2007 | FUND NAV: \$186M | REDEMPTION PRICE: 1.7413^{1,2}

Monthly Report – April 2018

- The L1 Capital Australian Equities Fund delivered a net return of 2.9% for April.
- Over the past year, the Fund returned 10.5%, 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 4.7% p.a. (after fees).

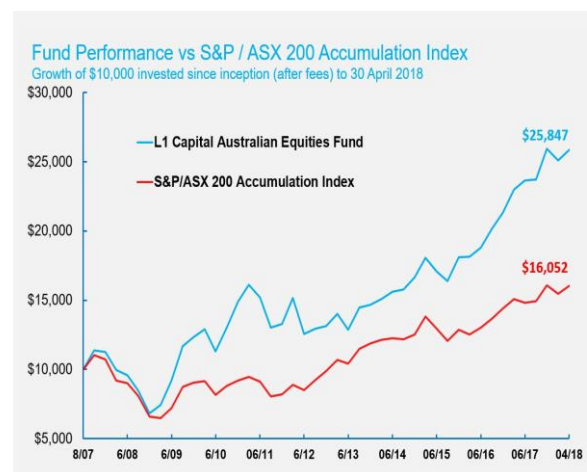
The ASX200AI snapped back sharply in April, the rise of 3.9% erasing the heavy losses in March. In Australia, Energy (+10.8%), Materials (+7.6%) and Health Care (+7.4%) were strongest, whilst the Royal Commission weighed on Financials (+0.2%) and Telcos (+2.0%) also struggled to keep pace with the market.

The Fund generated positive returns from Industrials, Consumer Discretionary and Utilities whilst Materials, Financials and Health Care detracted. Health Care and Technology stocks continue to look very expensive to us, however near-term earnings certainty has enabled these stocks to continue rallying in the face of ever-expanding earnings multiples.

The biggest detractor from performance in April was Boral, after a disappointing quarterly trading update that was adversely affected by poor weather conditions in some of their key markets. We remain optimistic about the outlook for Boral given its strong leverage to the infrastructure construction boom that is set to occur on the east coast of Australia over the next few years.

We believe the valuation dispersion between growth/momentum stocks and value stocks is becoming extreme, which is providing some contrarian stock opportunities for the Fund. We recognise this valuation dispersion may take some time to revert, but we believe the risk-reward opportunity is attractive and we have positioned the Fund to benefit as valuations eventually normalise.

	FUND*	ASX200 (AI)	ALPHA (NET)*
One month	2.93%	3.91%	(0.98%)
Three months	1.13%	0.34%	0.79%
One Year	10.55%	5.46%	5.09%
Three Years (p.a.)	13.21%	5.69%	7.52%
Five Years (p.a.)	13.82%	7.53%	6.29%
Ten Years (p.a.)	9.51%	5.29%	4.22%
Since inception (p.a.)	9.24%	4.53%	4.70%
Since inception (cumulative)	158.47%	60.52%	97.95%



*All performance numbers in this update are quoted after fees. All performance numbers prior to 15 September 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 is 100% owned by its senior staff, led by founders Raphael Lamm & Mark Landau. The team is committed to offering clients best of breed investment products. L1 Capital manages money for a range of clients including large superannuation funds, endowment funds, 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 33.4% 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 3.7, sortino ratio 19.9).

Fund Information

Name	L1 Capital Australian Equities Fund
Class of Units	Daily
Structure	Unit Trust
Domicile / Currency	Australia / AUD
Inception	23 August 2007
Management Fee	0.77% p.a. inclusive of GST and RITC
Expenses	Maximum of 0.20% p.a.
Performance Fee	15.38% above S&P / ASX200 Acc Index*
High Watermark	Yes
APIR / ARSN	LCPO001AU / 621 183 195
Minimum Investment	A\$25,000
Subscription Frequency	Daily
Redemption Frequency	Daily

Service Providers

Responsible Entity	Equity Trustees Limited
Fund Administrator	Link Fund Solutions
Fund Auditor	EY
Fund Custodian	JP Morgan
Legal Advisor	Hall & Wilcox

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



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Disclosure

**All performance numbers in this update are quoted after fees. All performance numbers prior to 15 September 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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