



L1 CAPITAL

DAILY CLASS

Australian Equities Fund

Monthly Report | June 2018

INCEPTION DATE: 23 AUGUST 2007 | FUND NAV: \$165M | REDEMPTION PRICE: 1.7696^{1,2}

Monthly Report – June 2018

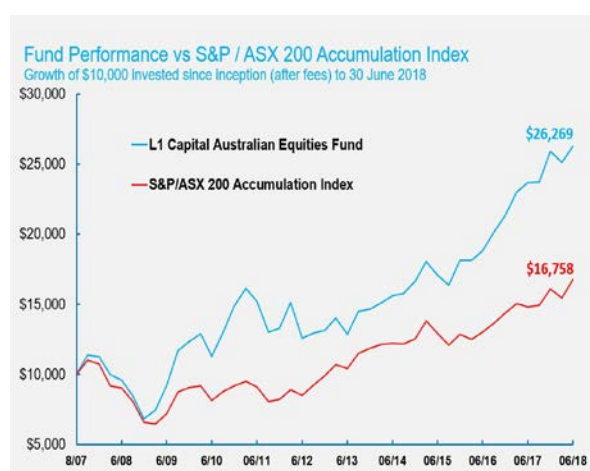
- The L1 Capital Australian Equities Fund delivered a net return of 1.2% for June.
- Over the past three years, the Fund returned 15.4% p.a. versus the S&P / ASX200 Accumulation Index 9.0% p.a. (after fees).
- The Fund has been one of the best performing large cap, long only Australian equities funds since its inception, outperforming the index by 4.4% p.a. (after fees).

The ASX200AI defied flat global markets to rise 3.3% in June compared to the MSCI World -0.2%. Despite fears of an escalating trade war, most Australian sectors rallied. Energy (+7.8%), Technology (+6.3%) and Consumer Staples (+6.2%) were strongest, while Telstra’s mobile weakness led Telcos lower (-5.8%) with Industrials (+0.7%) and Materials (+1.8%) also lagging.

The Fund generated positive returns from Telcos, Real Estate and Health Care whilst Materials, Industrials and Financials detracted. Mineral Resources fell 13% as the company flagged its direct shipping ore operation would end 1-2 years earlier than expected. While this reduces near-term earnings, the valuation impact is immaterial and we believe the shares have been significantly oversold.

The relative valuation of growth/momentum stocks versus value stocks has now reached a 20-year extreme – a level not seen since the peak of the dot com bubble. This valuation differential should normalise over time and the Fund is positioned to benefit over the medium and long term. We believe the current market backdrop will prove to be an ideal hunting ground for generating alpha over the coming years and we are very excited about the valuation anomalies currently on offer.

	FUND*	ASX200 (AI)	ALPHA (NET)*
One month	1.17%	3.27%	(2.10%)
Three months	4.61%	8.47%	(3.86%)
One Year	11.00%	13.01%	(2.01%)
Three Years (p.a.)	15.42%	9.04%	6.38%
Five Years (p.a.)	15.37%	9.98%	5.39%
Ten Years (p.a.)	10.60%	6.40%	4.20%
Since inception (p.a.)	9.25%	4.87%	4.38%
Since inception (cumulative)	162.69%	67.58%	95.11%



*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.



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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 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 28.2% p.a. since inception has been delivered with significantly lower beta and volatility than the market. The Fund has achieved strong risk-adjusted returns (sharpe ratio 2.6, sortino ratio 6.9).

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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