



L1 CAPITAL

DAILY CLASS

Australian Equities Fund

Monthly Report | July 2018

INCEPTION DATE: 23 AUGUST 2007 | UNIT PRICE: 1.7541^{1,2} | FUND NAV: \$165M

Monthly Report – July 2018

- The L1 Capital Australian Equities Fund delivered a net return of 0.9% for July.
- Over the past three years, the Fund returned 14.6% p.a. (after fees) versus the S&P / ASX200 Accumulation Index 8.0% p.a.
- The Fund has been one of the best performing large cap, long only Australian equities funds since its inception, outperforming the index by 4.3% p.a. (after fees).

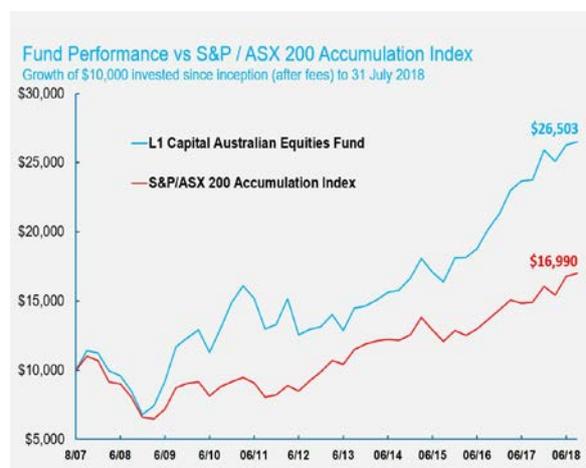
The ASX200 closed the month above 6200 for the first time in 10 years. Global indices outperformed the local market as positive US data and earnings pushed up the S&P500 and European equity markets recovered some recent underperformance. This was despite ongoing US/China trade threats and US/Iran tensions post the nuclear deal withdrawal. Telcos (+7.9%), Industrials (+3.5%) and Healthcare (+2.1%) were strongest, while Utilities (-1.4%), Technology (-1.2%) and Consumer Staples (-0.5%) were weakest in July.

The Fund generated outperformance from Industrials, Consumer Staples, and Utilities whilst Materials, Financials and Energy detracted. Brent oil fell 7% to US\$69/barrel in July. **Qantas** continued to rally on the back of strong operational performance in its domestic franchise, along with the fall in oil prices.

Downer rose 9% in July, as the shares recovered from oversold levels in June. The market has become increasingly comfortable with the Spotless acquisition, with management providing upbeat commentary on the synergies and earnings outlook for both Spotless and the core Downer business.

One of the worst performers in July was **Nufarm** down 19%. Nufarm lowered its earnings expectations for the full year due to severe drought conditions in Australia, along with an unexpected delay for a key product approval in France (Imidacloprid). We believe Nufarm is well positioned to deliver strong earnings growth for many years to come, due to its exciting Omega 3 technology, along with its growing European distribution footprint.

	FUND*	ASX200 (AI)	ALPHA (NET)*
One month	0.89%	1.39%	(0.50%)
Three months	2.54%	5.84%	(3.31%)
One Year	11.68%	14.59%	(2.91%)
Three Years (p.a.)	14.64%	7.98%	6.66%
Five Years (p.a.)	14.32%	9.17%	5.15%
Ten Years (p.a.)	11.21%	7.05%	4.17%
Since inception (p.a.)	9.26%	4.94%	4.33%
Since inception (cumulative)	165.03%	69.90%	95.12%



*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 27.8% 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.



Level 28, 101 Collins Street
 Melbourne VIC 3000 Australia
www.L1.com.au

Phone +61 3 9286 7000
 Fax +61 3 9286 7099
 Email info@L1.com.au

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 unit 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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