



L1 CAPITAL

DAILY CLASS

Long Short Fund

Monthly Newsletter | July 2018

Unit Price: 1.1128¹² | Fund NAV: \$1,002m

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)	1.59	(3.77)	(6.31)	0.79						(9.13)

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

Market and Fund Review

The Fund returned 0.8% in July.

Since inception, the Fund has returned 27.5% p.a. (after fees).

The Fund has achieved strong risk-adjusted returns (sharpe ratio 2.6, sortino ratio 6.9).

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.

The Company generated positive returns from longs in Industrials, as well as shorts in both Healthcare and Materials. Energy, Consumer Discretionary and Real Estate detracted. Brent oil fell 7% to US\$69/barrel in July.

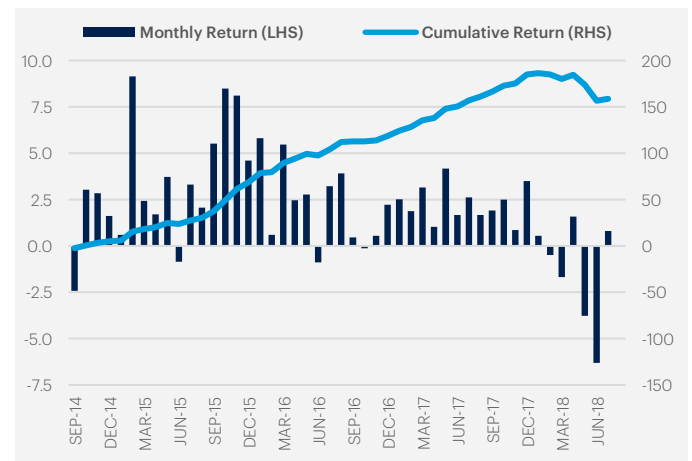
Clydesdale Bank (long) rallied 8% over the month, as the company announced a highly accretive acquisition of Virgin Money. The acquisition is expected to generate GBP120m in pre-tax synergies and enhance the company's strong earnings growth outlook. The shares are trading on a P/E of only 9x in FY20, with earnings expected to grow around 10% p.a. over the medium term.

Qantas (long) continued to rally on the back of strong operational performance in its domestic franchise, along with the fall in oil prices.

Downer (long) 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** (long) 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 Performance (Net)*



Performance Metrics (%)*

	LONG SHORT FUND
One month	0.79
Three months	(9.13)
One year	0.67
Two years (p.a.)	12.62
Three years (p.a.)	26.55
Since inception (p.a.)	27.47
Since inception (cumulative)	158.71

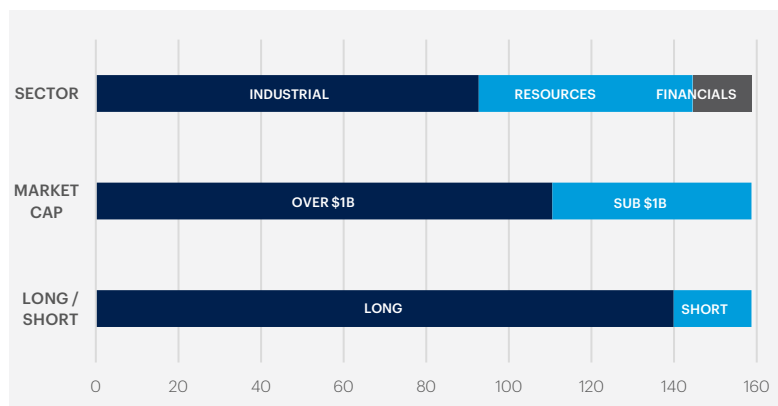
Fund Characteristics*

	CURRENT	AVG SINCE INCEPTION
Number of positions	86	76
Number of long positions	48	50
Number of short positions	38	26
Gross long exposure (%)	116%	143%
Gross short exposure (%)	64%	86%
Gross exposure (%)	180%	229%
Net exposure (%)	53%	57%

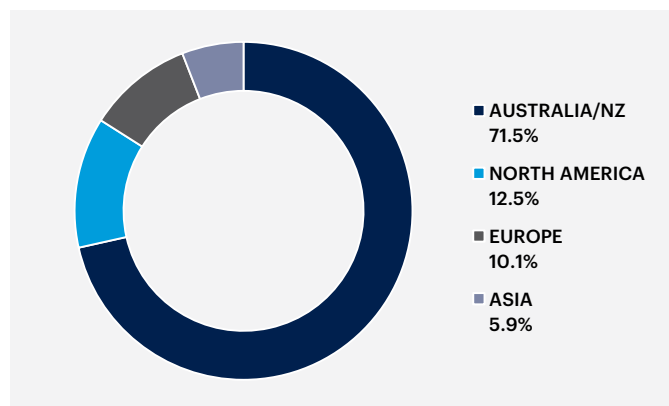
Risk Metrics*

	LONG SHORT FUND
Beta	0.20
Sharpe ratio	2.6
Sortino ratio	6.9
Maximum drawdown	10.3%
Percentage of positive months	83.0%
Annualised standard deviation	9.8%
Annualised downside deviation	4.0%

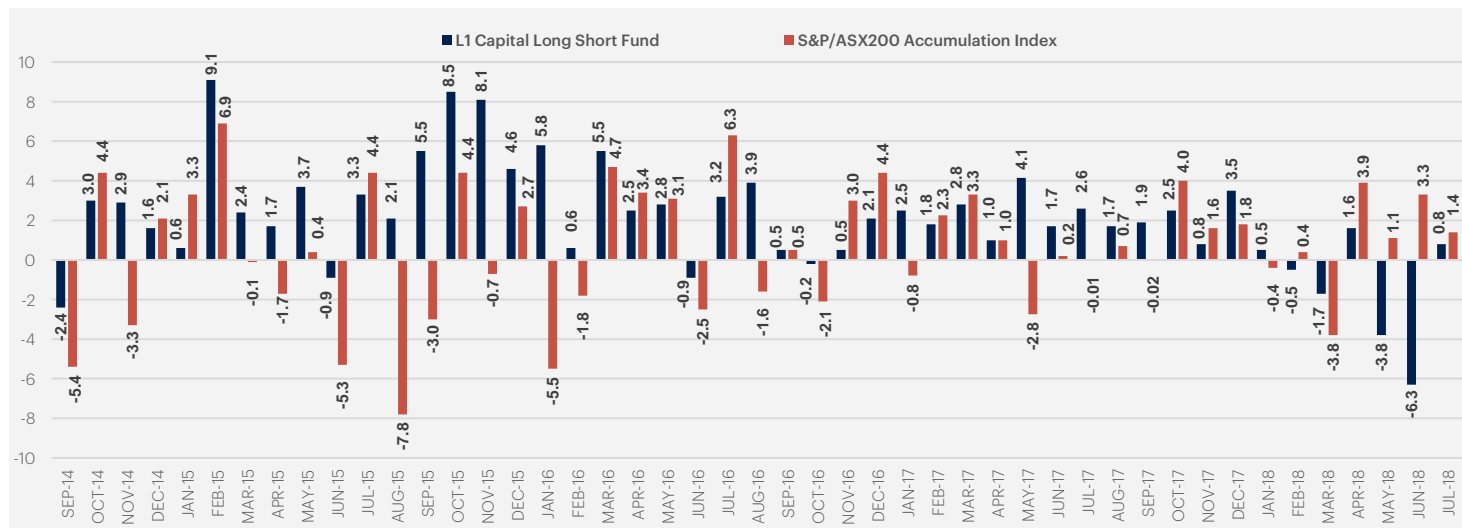
Attribution since inception (Net %)*



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

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

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



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

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 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. Beta is calculated versus the ASX200AI.

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