



L1 CAPITAL

MONTHLY CLASS

Long Short Fund

Monthly Newsletter | August 2017

Fund NAV: \$608m | Strategy NAV: \$673m

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	4.61	60.52
2016	5.81	0.59	5.47	2.46	2.78	(0.89)	3.22	3.92	0.46	(0.13)	0.55	2.22	29.61
2017	2.51	1.87	3.15	1.03	4.18	1.70	2.62	1.69					20.34

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

Market and Fund Review

The Fund returned +1.7% in August, taking the return over the past 12 months to 24.1% (since inception 38.0% p.a.).

The Fund has achieved outstanding risk-adjusted returns (maximum drawdown 2.4%, sharpe ratio 4.1, sortino ratio 24.2).

The Fund had a pleasing month, returning +1.7% (ASX200 Accumulation Index rose +0.7%). August was dominated by profit reporting season in Australia. Overall, we viewed results as a touch weaker than expectations, with many companies using accounting changes, provision adjustments and other "one-offs" to meet consensus forecasts.

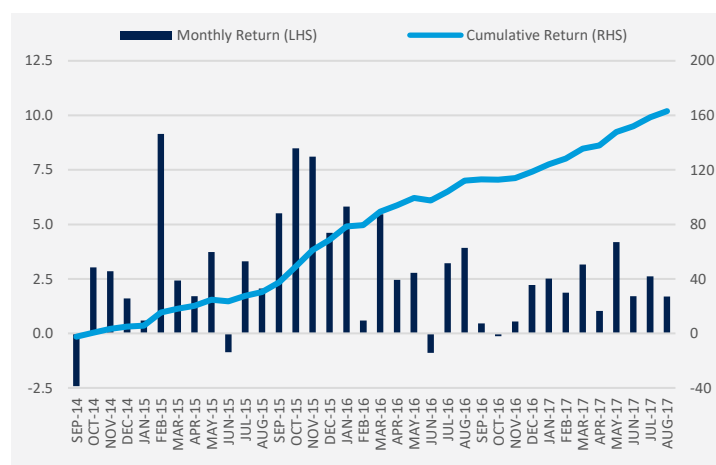
Telcos were by far the weakest sector (-10.8%), with Telstra's large cut to its dividend resulting in a 10.5% fall for the month. Other notable falls included CBA (-9.5%, AUSTRAC investigation), Dominos Pizza (-19.1%, earnings & guidance miss), Healthscope (-16.3%, earnings miss & flat outlook), QBE (-11.9%, lower margin guidance) and Vocus (-33.8%, weak earnings and end of takeover talks).

Some of the Fund's best performers in August were mining stocks, which rallied on the back of strong commodity prices. The Chinese Government has undertaken broad-ranging supply constraints across many manufacturing and mining sectors with a view to improving the profitability of existing players and reducing pollution. The Fund also benefitted from stock specific shorts across the consumer discretionary, financial and telco sectors.

Despite the positive month, a couple of the Fund's long-term positions declined significantly. Bluescope fell 18%, after providing weaker than expected earnings guidance for the coming half. We have used the recent share price weakness to increase our position and believe the medium-term earnings outlook remains positive. Bluescope has paid off almost all its debt, which positions it well for ongoing capital management. Chorus fell 12% after accelerating its national fibre rollout, which resulted in increased capex and operating expense guidance (causing a short-term cashflow strain). We believe Chorus remains one of the best risk-reward opportunities in the market, given it offers a high dividend yield (6%), long-life monopoly infrastructure assets, with considerable longer term upside in dividends as the growth capex profile moderates.

Fund Characteristics*	CURRENT	AVG SINCE INCEPTION
Number of positions	74	71
Number of long positions	45	48
Number of short positions	29	23
Gross long exposure (%)	103%	148%
Gross short exposure (%)	53%	89%
Gross exposure (%)	156%	237%
Net exposure (%)	49%	60%

Fund Performance (Net)*



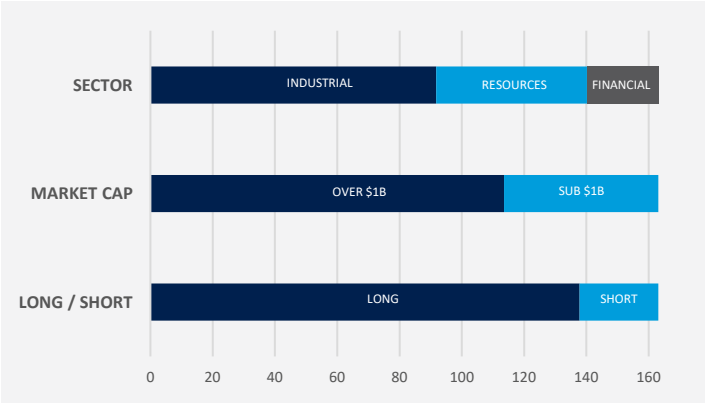
Performance Metrics (%)*

	LONG SHORT FUND
One month	1.69
Three month (rolling)	6.14
Calendar YTD	20.34
Financial YTD	4.36
One year	24.10
Two years (p.a.)	42.07
Since inception (p.a.)	38.03
Since inception (cumulative)	163.06

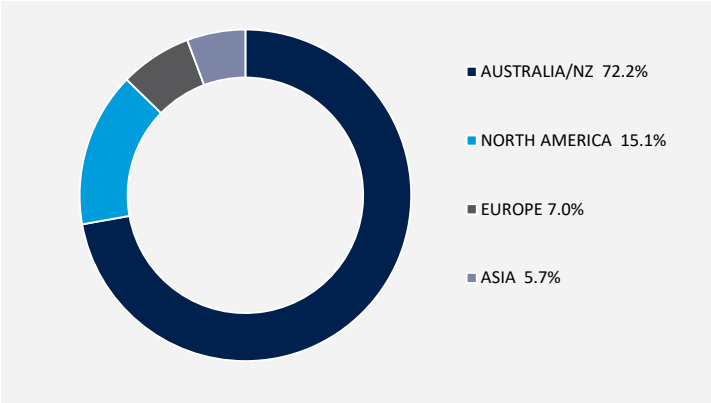
Risk Metrics*

	LONG SHORT FUND
Beta	0.25
Sharpe ratio	4.1
Sortino ratio	24.2
Maximum drawdown	2.4%
Percentage of positive months	88.9%
Annualised standard deviation	8.7%
Annualised downside deviation	1.6%

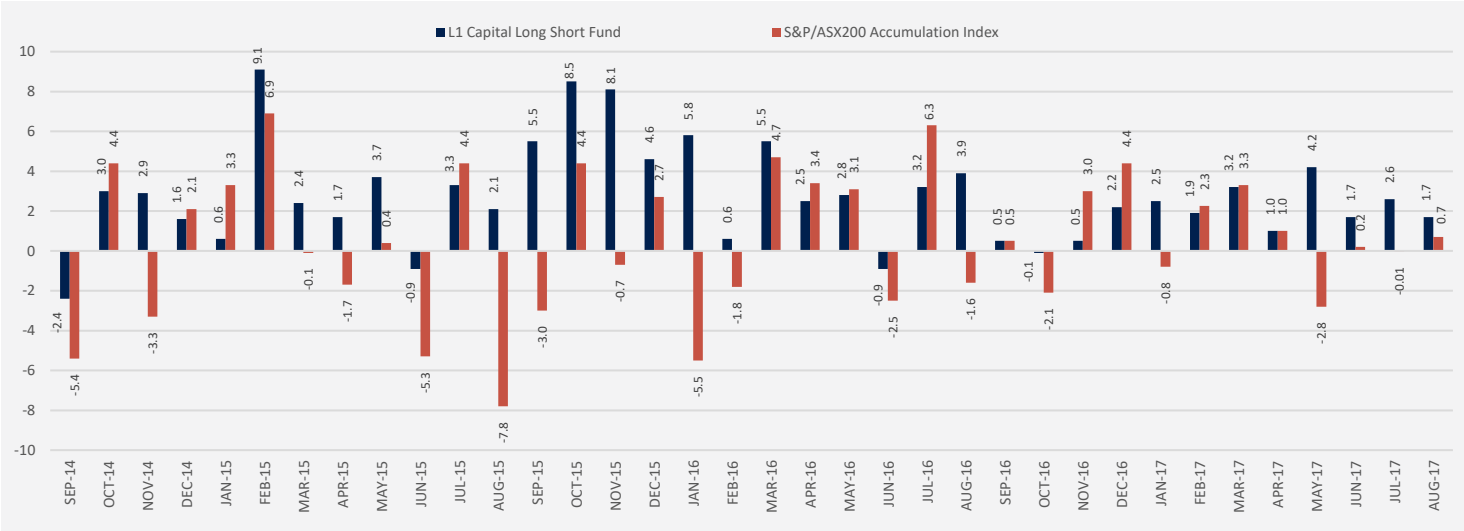
Attribution since inception (Net %)*



Gross exposures to international markets*



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



Fund Information

Name	L1 Capital Long Short Fund
Class of Units	Monthly
Structure	Unit Trust
Domicile / Currency	Australia / AUD
Inception	1 September 2014
Management Fee	1.281%
Performance Fee	20.50%
High Watermark	Yes
APIR / ISIN	ETL4912AU / AU60ETL49128
Minimum Investment	A\$500,000
Subscription Frequency	Monthly
Redemption Frequency	Monthly

Service Providers

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

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



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Information contained in this publication

*All performance numbers are quoted after fees. Past performance is not predictive of future returns. Beta is calculated versus the ASX200AI.

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