

## FURY FUND MONTHLY REPORT

October 2018

### Portfolio Performance

	Oct 18	YTD 2018
The Fury Fund* <sup>1</sup>	-1.17%	-7.22%
HFRI EM Asia ex Jpn**	-8.20%	-13.26%

### Exposure

As at 31 Oct 2018	1 mth	Positions
Long Positions	54.82%	16
Short Positions	45.18%	19
Incl. Index Hedges	23.95%	5
Net	9.65%	-

\* The Fury Fund is an unregistered wholesale unit trust in Australia which acts as an AUD hedged feeder fund into The Asian Fury Fund. The Fund's inception date was 1 August 2018. <sup>1</sup> Founder share class.

\*\*HFRI Emerging Markets Asia ex-Japan Index  
All performance figures are net of fees and expenses.

### Portfolio Overview

Asian markets started October in a similar pattern to the two previous months with strong sell-offs. This month though, the bears followed through in the latter half of the month pushed along by a mini tech-wreck in the United States. For the month, the Fury Fund fell -1.17%.

The biggest winner for us this month was our short position in REA Group which fell almost -17%. REA Group had been defying the gravitational pull of plummeting East coast auction results. The company's contention that increased share of premium listings and longer listing times will offset Australia's traditionally low volume residential bear market looks likely to be tested in 2019.

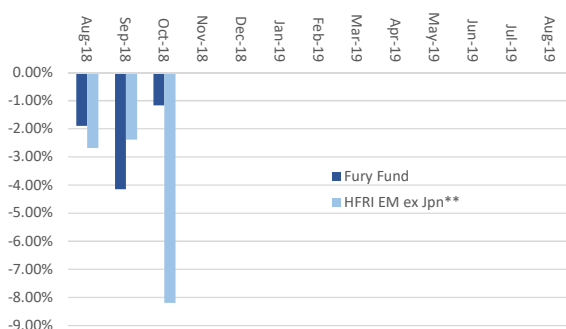
Our biggest detractor this month was life insurer Ping An which fell approximately -7%. Ping An reported a solid results towards the month end but was dragged down by a soft market and profit taking. This was offset by the Fund's short position in Kingston Financial Group, a HK listed financial services company with close ties to the Macau gaming and hospitality industry. Kingston fell -13% in October. Ping An remains the best positioned player to take advantage of regulatory changes to the industry which have been driving a shift away from savings towards true protection products.

As we reach the tail end of 2018, we are becoming more constructive as Xi and Trump appear to be moderating their trade positions. Accordingly we are seeing excellent long opportunities and we have lifted the Fund's net exposure to +10%. We expect fundamentals to be in vogue again by early 2019 and are setting the portfolio up accordingly.

### Fund Strategy

The LSL Partner's Fury Fund strategy aims to deliver high, risk adjusted returns from a concentrated portfolio of well researched listed Asian stocks. The investment team ranks an investable universe of companies across multiple sector and filters the most under and over valued candidates for further analyses into any embedded controversies that may, or may not, be valid risks to the companies' stock price valuation. A long/short portfolio is constructed of approximately 30 positions from these selected companies. The investment team will seek a prudent balance between long and short exposures within a +/- 25% net market policy exposure range. Any country weight mismatches are neutralised via ETF or derivative instruments where no market view is taken. Net target returns are in excess of 10% per annum with a Sharpe ratio above one.

Monthly performance (net of fees since inception)



### LSL Partners Fury Fund Features

Fund type	Asia Pacific Long/Short
Inception Date	1 August 2018
Min. Initial Investment	AUD 500000
Management Fee	1.50%
Performance Fee	20% of performance
Distribution Frequency	Annually
Applications/Withdrawals	Monthly
Buy/Sell Spread	None

### LSL Partners Fury Fund - Net Monthly Returns

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY
Fury Fund 2018	-	-1.90%	-4.15%	-1.17%	-	-	-	-	-	-	-	-	-7.22%
HFRI EM ex Jpn**	-	-2.68%	-2.38%	-8.20%	-	-	-	-	-	-	-	-	-13.26%

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Date of preparation: 14 November 2018 - LSL Partners Pty Limited (CAR No. 001264850 of Fundhost AFSL No. 233045)