



FURY FUND MONTHLY REPORT

August 2018

Portfolio Performance

	Aug 18
The Fury Fund*	-1.89%
HFRI EM Asia ex Jpn**	-2.46%

Exposure

As at 31 Aug 2018	1 mth	Positions
Long Positions	52.46%	15
Short Positions	47.54%	18
Incl. Index Hedges	24.82%	4
Net	4.91%	-

* 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.

**HFRI Emerging Markets Asia ex-Japan Index

All performance figures are net of fees and expenses.

Portfolio Overview

Against the backdrop of an extremely volatile month in Asian markets (and an exciting reporting season) the Fury Fund was down 1.89%. Trump's trade war and Chinese regulatory risk were front of mind with trigger happy investors.

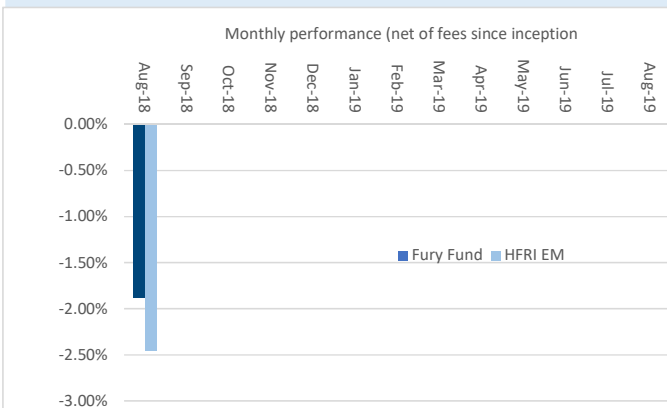
The biggest contributor to the fund's performance was Shandong Weigao (up 23% in August). We have been long-time investors in Weigao as we believe the market does not appreciate the interplay between increased regulatory scrutiny with Weigao's market leading domestic player status. During the month, Weigao reported revenue and EBITDA growth in the high teens, significantly ahead of the expectations of the handful of analysts who cover the company. The biggest detractor to the fund's performance was Autohome (down 14% in August). We are long Autohome because the company continues to surprise the market with its level of pricing power. While Autohome reported outstanding results, with accelerating pricing power in the company's core media services and dealer lead generation divisions, the shares sold off on car sales and China Internet valuation concerns.

Looking ahead we expect volatility to persist in emerging markets (led by China) for the remainder of the year. US hawks will continue to test China while they still can. On a positive note, heightened volatility is creating phenomenal opportunities for bottom-up stock pickers like us with new names initiated at great entry levels on both the long and short sides.

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 15-20 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 mid-teens per annum with a Sharpe ratio above one.



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	-	-1.89%	-	-	-	-	-	-	-	-	-	-	-1.89%
HFRI EM	-	-2.46%	-	-	-	-	-	-	-	-	-	-	-2.46%

Disclaimer: This communication is issued by LSL Partners Pty Ltd ABN 62 622 201 021 Level 1 165 Phillip Street Sydney NSW 2000. This information does not constitute a recommendation, offer or solicitation to buy or sell any securities. It reflects LSL Partners Fury Fund portfolio at the end of the month stated and LSL Partners views at the date of preparation. Both the Portfolio and LSL Partners views are subject to change without notice. Past performance figures are no guarantee of future returns.

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