



FURY FUND MONTHLY REPORT

March 2019

Portfolio Performance

	Mar 19	YTD 2018/19
The Fury Fund* ¹	-0.57%	-6.51%
HFRI EM Asia ex Jpn**	+4.32%	+0.50%

Exposure

As at 31 Mar 2019	1 mth	Positions
Long Positions	90.82%	18
Short Positions	70.94%	25
Incl. Index Hedges(net)	22.69%	4
Net	19.88%	-

* 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. ¹ Founder share class.

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

Portfolio Overview

After a torrid rally to begin 2019, the markets in March continued its upward trend but at a more measured pace and with more volatility as company earnings came into focus. The Fury Fund posted a return of -0.57% on the month.

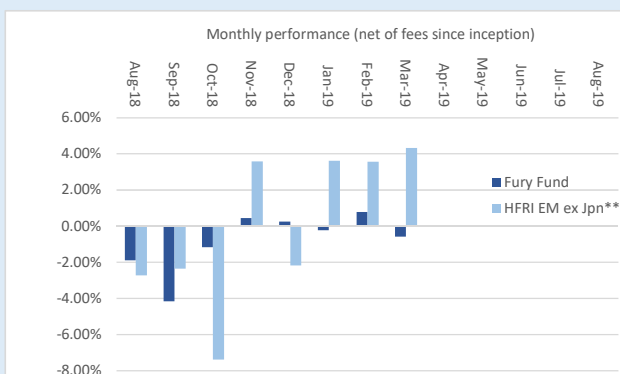
While the broader Chinese technology index ended up flat for March, earnings announcements resulted in meaningful share price movements in individual stocks that led to our biggest winners and detractors for the month. Pinduoduo, the Chinese social e-commerce platform that we are short, dropped 17% in March despite announcing strong revenue growth (up 380% y/y). However, the market focused on the meaningful increase in spending, in particular marketing expense (up 700% y/y), which outpaced revenue growth and raised concerns of the company's path to profitability.

Our largest detractors in the month was our long position in PPDai (down 22%) and our short position in CTrip (stock up 28% for the month). PPDai, a Chinese online lending platform, fell after a strong earnings report that showed meaningful loan volume growth but the stock had rallied 50% leading up to the earnings announcement and the market decided to take profits. We have taken the opportunity to build our position in the stock at an attractive 4x P/E multiple. For CTrip, despite missing guidance, the stock rallied after slightly beating significantly lowered market expectations. The company posted dramatically weaker EBIT margins relative to the previous quarter and year-on-year but provided rosy commentary on the market environment sparking the rally in the stock.

We are constructive on the current market environment with the positive tone coming from the US-China trade discussions and the supportive measures the Chinese government is implementing domestically. Accordingly, we have increased our gross exposure and continue to hold a long bias.

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.



LSL Partners Fury Fund Features

Fund type	Asia Pacific Long/Short Equity
Inception Date	1 August 2018
Min. Initial Investment	AUD 500,000
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 2018/19	-	-1.90%	-4.15%	-1.17%	+0.46%	+0.26%	-0.22%	+0.79%	-0.57%	-	-	-	-6.51%
HFRI EM ex Jpn**	-	-2.71%	-2.34%	-7.38%	+3.58%	-2.17%	+3.63%	+3.57%	+4.32%	-	-	-	+0.50%

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