



April 30, 2018

L1 Long Short Fund Limited

(ASX Code: LSF)

Key Details

| | |
|-----------------------|---------------|
| ASX code | LSF |
| Share price | \$2.01 |
| Market capitalisation | \$1.336b |
| Shares on issue | 664,839,144 |
| Listing date | 24 April 2018 |

Net Tangible Assets Per Share (as at 30 April)

| | |
|--------------|----------|
| NTA pre-tax | \$1.9736 |
| NTA post-tax | \$1.9812 |

Source: Link Fund Solutions. NTA Pre-Tax is calculated before all taxes. NTA Post-Tax is calculated after tax of realised and unrealised gains/losses, deferred tax assets, and deferred tax liabilities.

Commentary

The Company has commenced building its portfolio of long and short positions across the market. Given that the portfolio is very liquid, we are confident of having the portfolio fully invested in less than the 3 months specified in the Prospectus. **Progress so far has been pleasing and we have been able to build positions with limited market impact. As at May 10, the portfolio is more than 60% invested.**

We remain positive on the outlook for the energy sector and have long positions in some of the global 'super-majors' (such as BP & Shell), whose share prices have significantly lagged the oil price. We continue to believe the outlook for oil is positive, given favourable supply/demand dynamics, capital discipline from the oil majors (reducing new project spend) and rising tensions in the Middle East. We believe the oil majors offer a compelling opportunity, given their conservatively geared balance sheets, low cost of production, 6% dividend yields and potential for additional capital management. A significant detractor from performance in April was Boral, after a disappointing quarterly trading update that was adversely affected by poor weather conditions in some of their key markets. We remain optimistic about the outlook for Boral given its strong leverage to the infrastructure construction boom that is set to occur on the east coast of Australia over the next few years.

We believe the valuation dispersion between growth/momentum stocks and value stocks is becoming extreme, which is providing some contrarian stock opportunities for the Company. We recognise this valuation dispersion may take some time to revert, but we believe the risk-reward opportunity is attractive and we have positioned the Company to benefit as valuations normalise.

Overview and Investment philosophy

L1 Long Short Fund Limited has been established to invest in a portfolio of predominantly Australian and New Zealand securities, with up to 30% invested in global securities. The Company has the ability to both buy and short-sell securities, which provides a flexible strategy to deal with changing stockmarket conditions. The objective is to deliver strong, positive, risk-adjusted returns to investors over the long term.

The portfolio is managed by L1 Capital Pty Ltd, which has established a reputation for offering clients best of breed investment products. L1 Capital manages money for a range of clients including large superannuation funds, endowment funds, financial planning groups, private banks, asset consultants, family offices, high net worth individuals and retail investors.

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Portfolio Exposures (Month End)

| | |
|---------------------------|------|
| Number of positions | 94 |
| Number of long positions | 50 |
| Number of short positions | 44 |
| Gross long exposure (%) | 78% |
| Gross short exposure | 54% |
| Gross exposure (%) | 132% |
| Net exposure (%) | 24% |

Investment Guidelines

| | |
|-----------------------------|--------------------------------------|
| Typical number of positions | 50-100 securities |
| Geographic exposures | Max 30% outside of Aust/NZ |
| Net exposure limits | Max 150% of NAV; typically 30-90% |
| Gross exposure limits | Max 300% of NAV; typically 150%-300% |

Net Performance

| | |
|------------------------------|--------|
| 1 month | (1.3%) |
| Total return since inception | (1.3%) |

Source: Link Fund Solutions. Net performance is defined as the movement in NTA Pre-Tax. Performance is shown after all applicable fees and charges.

Board of Directors

| | |
|-----------------|--------------------------|
| Andrew Larke | Independent chair |
| John Macfarlane | Independent director |
| Harry Kingsley | Independent director |
| Raphael Lamm | Non-independent director |
| Mark Landau | Non-independent director |

Key Contacts

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|---------------------|--|
| Company secretaries | Mark Licciardo Adam Sutherland |
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