



L1 Long Short Fund Limited

(ASX Code: LSF)

Key Details

ASX code	LSF
Share price	\$1.55
Market capitalisation	\$1,030.5m
Shares on issue	664,839,144
Listing date	24 April 2018

Net Tangible Assets Per Share (as at 30 April 2019)

NTA pre-tax	\$1.6605
NTA post-tax	\$1.7636

Source: Link Fund Solutions. The NTA pre-tax is calculated before the provision for deferred tax on unrealised gains and losses on the investment portfolio. The NTA post-tax is calculated after all taxes.

Commentary

The L1 Long Short Fund strategy returned 3.0% in April, the fourth consecutive month of positive returns for 2019. For the calendar year to date, the Fund has returned 13.1%.

The S&P/ASX200AI rose 2.4% in April. Consumer Staples (+7.3%) and Technology stocks (+7.3%) were the strongest performers, while REITs (-2.6%) and Resource stocks (-2.3%) lagged. International stocks again led the way in the portfolio, with a number of the portfolio's key detractors from 2018 recovering strongly.

Key contributors in April were:

HeidelbergCement (long) performed strongly after signs of improvement in leading indicators for global construction activity, along with good progress on their €1.5b asset disposal process. HEI was one of the poor performers for the Fund in 2018, due to concerns over global construction spending and a broader sell-off in European cyclicals. The shares have recovered 35% this calendar year, yet still only trade on a P/E of 10x FY20, with continued EPS growth of around 10% p.a. likely over the coming years.

Ferguson PLC (long) is the largest plumbing supplies business in America. The shares rallied 11% in April given continued market share gains and improving sentiment towards U.S. housing-related stocks. Given the strong recent share price performance, the Fund exited this position after month end.

Tesla (short) shares fell another 14% in April. The company recorded a huge loss for the March quarter (>US\$700m), despite management's recent assertions that they would now be sustainably profitable and cashflow positive. Tesla subsequently conducted a large capital raise to recapitalise their weak balance sheet. Sales for their Model 3, S and X models all continue to disappoint versus company guidance and consensus expectations. We believe Tesla's sales guidance of 360,000-400,000 cars for 2019 is optimistic, despite the company aggressively cutting prices to stimulate demand.

Pleasingly, no stock in the portfolio detracted more than 0.3% of performance in April.

In the near-term, market sentiment and share price moves will be dominated by incremental newsflow regarding U.S./China trade relations. We remain excited by the portfolio and are looking to take advantage of any rise in market volatility.

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 stock market 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, asset consultants, family offices, high net worth individuals and retail investors.

DISCLAIMER: This communication has been prepared for L1 Long Short Fund Limited (ACN 623 418 539) by its investment manager, L1 Capital Pty Ltd (ABN 21 125 378 145 and AFS License 314302). L1 Capital Pty Ltd has prepared this publication without consideration of the investment objectives, financial situation or particular needs of any individual investor, and you should not rely on the opinions, advice, recommendations and other information contained in this publication alone. This publication has been prepared to provide you with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. We do not express any view about the accuracy or completeness of information that is not prepared by us and no liability is accepted for any errors it may contain. Past performance is not a reliable indicator of future performance.

Portfolio Exposures (month end)

Number of positions	88
Number of long positions	57
Number of short positions	31
Gross long exposure (%)	145%
Gross short exposure (%)	77%
Gross exposure (%)	222%
Net exposure (%)	68%

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

One month	3.0%
Three months	8.5%
Total return since inception	(17.0%)

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

Company secretary	Mark Licciardo
Investor relations	Wayne Murray WMurray@L1.com.au
Manager	L1 Capital Pty Ltd +61 3 9286 7000 info@L1LongShort.com
Registry	Link Market Services Limited 1300 554 474 registrars@linkmarketservices.com.au