



27 February 2020

The Manager
Market Announcements Office
ASX Limited
Level 6, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2019

L1 Long Short Fund Limited (ASX: LSF) hereby lodges:

- Appendix 4D for the half-year ended 31 December 2019; and
- Interim Report for the half-year ended 31 December 2019.

For any further enquiries please contact L1 Long Short Fund Limited on 03 9286 7000.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Licciardo', with a large, sweeping flourish extending to the right.

Mark Licciardo
Company Secretary

Appendix 4D

For the half-year ended 31 December 2019

Half-year report

This is for the reporting half-year from 1 July 2019 to 31 December 2019. The previous corresponding period was 1 July 2018 to 31 December 2018.

Results for announcement to the market

	\$'000	Up/Down	Movement %
Revenue from ordinary activities	154,819	Up	186
Profit before income tax attributable to the ordinary equity holders	114,936	Up	153
Profit after income tax attributable to the ordinary equity holders	83,413	Up	157

Dividends

The amount of any dividend will be at the discretion of the Board. Currently, it is the Board's intention to pay fully franked dividends, to the extent permitted by law and the payment being within prudent business practices.

There were no dividends paid or proposed to be paid for the reporting period. Further information in respect of the Company's dividend policy is contained in Section 3.7 of the Company's Prospectus which was issued on 16 February 2018.

Net tangible assets

	31 December 2019 \$'000	31 December 2018 \$'000
Net tangible asset backing (per share) before tax	1.8416	1.4679
Net tangible asset backing (per share) after tax	1.8977	1.6251

Brief explanation of results

The gross portfolio return before all fees and expenses was up approximately 11.2% for the half-year ended 31 December 2019.

The net tangible asset (NTA) backing per share based on the market value valuation of investments before all taxes was \$1.8416 at 31 December 2019, an increase of 9.8% compared with \$1.6771 as at 30 June 2019. The NTA post-tax of \$1.8977 is calculated after tax of realised and unrealised gains/losses, deferred tax asset and deferred tax liabilities.

The Company has delivered a strong performance in the half-year ended 31 December 2019. This has been achieved despite maintaining a modest net long position during the period (typically 50-60%), the ongoing outperformance of 'growth' versus 'value' stocks and having received no benefit from surging yield stocks. By far the biggest winners amongst the ASX have been high P/E growth stocks (typically technology and healthcare companies), along with defensive yield stocks ('bond proxies').

Investors have downplayed the importance of valuations, rewarded over-gearred companies (due to falling interest rates and forgiving debt markets) and ignored structural challenges (if the company was paying out an attractive dividend yield). This has been a difficult backdrop, given our investment process is very focused on valuations, balance sheet strength and underlying operating trends.

While the performance of the portfolio will undoubtedly have intermittent periods of volatility going forward, the businesses we own are generally very resilient and we are confident that their strong industry positions, operating trends, management teams and balance sheets stand us in good stead to deliver attractive returns over the years ahead.

Further information

This report is based on the Interim Report which has been subject to independent review by the auditors, Ernst & Young. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2019 Annual Financial Report.



L1 CAPITAL

Interim Report

For the half-year ended
31 December 2019

L1 Long Short Fund Limited

ABN 47 623 418 539



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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by L1 Long Short Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



Corporate Directory

Directors

Andrew Larke (Independent Chairman)
John Macfarlane (Independent Director)
Harry Kingsley (Independent Director)
Raphael Lamm (Non Independent Director)
Mark Landau (Non Independent Director)

Company Secretary

Mark Licciardo

Registered Office

Mertons Corporate Services
Level 7, 330 Collins Street
Melbourne VIC 3000
Phone: (03) 8689 9997

Investment Manager

L1 Capital Pty Limited
Level 28, 101 Collins Street
Melbourne VIC 3000
Phone: (03) 9286 7000

Administrator

Link Fund Solutions Pty Limited
Level 12, 680 George Street
Sydney NSW 2000
Phone: (02) 8280 7100

Share Registrar

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008
Phone: 1800 129 431

For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.

Auditors

Ernst & Young
200 George Street
Sydney NSW 2000
Phone: (02) 9248 5555

Securities Exchange Listing

Australian Securities Exchange (ASX)
The home exchange is Melbourne
ASX code: LSF Ordinary shares

Website

www.L1LongShort.com

Directors' Report



The Directors present their report together with the interim financial report of L1 Long Short Fund Limited (the “Company”) for the half-year ended 31 December 2019.

Directors

The following persons held office as Directors during the half-year and up to the date of this report:

Andrew Larke (Independent Chairman)
Raphael Lamm (Non Independent Director)
Mark Landau (Non Independent Director)
John Macfarlane (Independent Director)
Harry Kingsley (Independent Director)

Principal activities

During the period, the principal activity of the Company is to invest (both long and short) in predominantly Australian securities with the remaining exposure to global securities. The Company’s investment objectives are to deliver positive absolute returns to investors while seeking to preserve capital over the long term.

There was no significant change in the nature of the activity of the Company during the period.

Dividends

There were no dividends paid or proposed to be paid during the half-year.

Review of operations

The operating profit before tax was \$114,936,000 for the half-year ended 31 December 2019 (31 December 2018: loss of \$215,129,000). The net result after tax was a profit of \$83,413,000 (31 December 2018: loss of \$147,558,000).

The net tangible asset backing before tax as at 31 December 2019 was \$1.8416 per share (31 December 2018: \$1.4679).



Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the half-year ended 31 December 2019.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the Interim Report have been rounded to the nearest thousand dollars, unless otherwise specified.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of the Directors.

Andrew Larke

Independent Chairman

Melbourne

27 February 2020

Auditor's Independence Declaration



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of L1 Long Short Fund Limited

As lead auditor for the review of L1 Long Short Fund Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "Rohit Khanna".

Rohit Khanna
Partner
27 February 2020

Statement of Comprehensive Income

For the half-year ended 31 December 2019

	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
Investment income/(loss)		
Net gains/(losses) on financial instruments at fair value through profit or loss	131,195	(191,174)
Dividend income	18,910	18,465
Trust distributions	222	650
Interest income from financial assets measured at amortised cost	4,123	6,966
Net foreign exchange losses	(76)	(17,154)
Other income	445	2,319
Total investment income/(loss)	154,819	(179,928)
Expenses		
Management fees	(8,334)	(7,905)
Brokerage expense	(3,823)	(3,440)
Dividend expense	(13,136)	(8,861)
Interest expense	(8,395)	(6,196)
Stock loan fees	(4,648)	(5,219)
Administration fees	(184)	(109)
Share registry fees	(83)	(160)
Custody fees	(23)	(21)
Secretarial fees	(23)	(41)
Legal fees	(30)	(3)
Withholding tax on foreign dividends	(627)	(802)
Directors' fees	(150)	(150)
ASX fees	(126)	(1,077)
Audit fees	(80)	(68)
Marketing expense	-	(34)
Other expenses	(221)	(1,115)
Total operating expenses	(39,883)	(35,201)
Profit/(loss) before income tax	114,936	(215,129)
Income tax (expense)/benefit	(31,523)	67,571
Profit/(loss) for the half-year after tax	83,413	(147,558)
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income/(loss) for the half-year	83,413	(147,558)
	Cents	Cents
Earnings/(losses) per share for profit/(loss) attributable to the ordinary equity holders of the Company:		
Basic earnings/(losses) per share	12.55	(22.20)
Diluted earnings/(losses) per share	12.55	(22.20)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2019

	Notes	At 31 December 2019 \$'000	At 30 June 2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,080,236	1,089,205
Other receivables		13,094	22,287
Receivable from Manager		8,358	17,190
Financial assets at fair value through profit or loss	3	1,617,732	1,408,281
Other current assets		205	380
Total current assets		2,719,625	2,537,343
Non-current assets			
Deferred tax assets	6	38,662	69,914
Total non-current assets		38,662	69,914
Total assets		2,758,287	2,607,257
LIABILITIES			
Current liabilities			
Broker advances		747,277	657,070
Other payables		27,320	35,421
Financial liabilities at fair value through profit or loss	3	720,476	735,237
Total current liabilities		1,495,073	1,427,728
Non-current liabilities			
Deferred tax liabilities		304	32
Total non-current liabilities		304	32
Total liabilities		1,495,377	1,427,760
Net assets		1,262,910	1,179,497
EQUITY			
Issued capital	7	1,304,338	1,304,338
Accumulated losses		(41,428)	(124,841)
Total equity		1,262,910	1,179,497

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the half-year ended 31 December 2019

	Issued capital \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2018	1,304,325	(75,439)	1,228,886
Loss for the half-year after tax	-	(147,558)	(147,558)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(147,558)	(147,558)
Transactions with owners in their capacity as owners:			
Capital raising costs*	19	-	19
Capital raising costs – tax effect*	(6)	-	(6)
	13	-	13
Balance at 31 December 2018	1,304,338	(222,997)	1,081,341
Balance at 1 July 2019	1,304,338	(124,841)	1,179,497
Profit for the half-year after tax	-	83,413	83,413
Other comprehensive income for the half-year, after tax	-	-	-
Total comprehensive income for the half-year	-	83,413	83,413
Transactions with owners in their capacity as owners:			
Capital raising costs	-	-	-
Capital raising costs – tax effect	-	-	-
	-	-	-
Balance at 31 December 2019	1,304,338	(41,428)	1,262,910

* The movement in capital raising costs represents adjustment on the Reduced Input Tax Credit (RITC) associated to previously incurred capital raising costs.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the half-year ended 31 December 2019

	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
Cash flows from operating activities		
Purchase of financial instruments at fair value through profit or loss	(756,199)	(395,593)
Proceeds from sale of financial instruments at fair value through profit or loss	665,137	64,546
Dividends received	19,649	19,121
Trust distribution received	222	650
Interest income received from financial assets measured at amortised cost	4,550	7,411
Other income received	445	2,319
Brokerage expenses paid	(3,800)	(1,543)
Dividends paid on short positions	(15,347)	(13,003)
Stock loan fees paid	(4,851)	(6,686)
ASX fees paid	(126)	(1,077)
Net GST (paid)/received	(3)	2,836
Interest paid	(8,283)	(6,130)
Other expenses paid	(494)	(2,231)
Net cash outflow from operating activities	(99,100)	(329,380)
Cash flows from financing activities		
Capital raising costs received	-	19
Broker deposits received/(paid)	90,207	(23,110)
Net cash inflow/(outflow) from financing activities	90,207	(23,091)
Net decrease in cash and cash equivalents	(8,893)	(352,471)
Cash and cash equivalents at the beginning of the half-year period	1,089,205	1,110,969
Effects of exchange rate changes on cash and cash equivalents	(76)	(17,154)
Cash and cash equivalents at the end of half-year	1,080,236	741,344

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the half-year ended 31 December 2019

1 General information

L1 Long Short Fund Limited (the "Company") is a listed public company domiciled in Australia. The address of L1 Long Short Fund Limited's registered office is Mertons Corporate Services, Level 7, 330 Collins Street, Melbourne, VIC 3000.

The Company's investment strategy is to invest (both long and short) in a portfolio of predominantly Australian securities with the remaining exposure to global securities. The Company's investment objectives are to deliver positive absolute returns to investors while seeking to preserve capital over the long term.

The interim financial statements of the Company are for the period 1 July 2019 to 31 December 2019.

The previous corresponding period was 1 July 2018 to 31 December 2018.

The interim financial statements were authorised for issue by the Board of Directors on 27 February 2020.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below.

(a) Basis of preparation

These interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by L1 Long Short Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements for the year ended 30 June 2019.

(i) New standards and interpretations adopted by the Company

International Financial Reporting Interpretations Committee (IFRIC) 23 Uncertainty over Income Tax Treatments

IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23") clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The adoption of above amendment does not have a significant impact on the Company's financial statements, as currently there is no uncertainty relating to any tax treatments.



Notes to the Financial Statements

Continued

(b) Rounding of amounts

In accordance with ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instruments 2016/191, the amounts in the Directors' Report and in Interim Report have been rounded to the nearest thousand dollars, unless otherwise specified.

(c) Comparative disclosure

Where appropriate, comparative disclosures have been reclassified/amended to be consistent with the current period's presentation.

3 Fair value measurements

The Company measures and recognises the following financial assets and liabilities at fair value on a recurring basis:

- Equity securities
- Derivatives
- Listed unit trusts

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) is based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Company is the last sales price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Notes to the Financial Statements

Continued

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, including equity swaps, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

(iii) Recognised fair value measurements

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2019 and 30 June 2019.

At 31 December 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Swaps	–	4,139	–	4,139
Australian share price index futures	5,591	–	–	5,591
Australian listed equity securities	903,372	–	–	903,372
International listed equity securities	697,821	–	–	697,821
Australian listed property trusts	6,809	–	–	6,809
Total financial assets at fair value through profit or loss	1,613,593	4,139	–	1,617,732
Financial liabilities at fair value through profit or loss				
Australian listed equity securities	643,441	–	–	643,441
International listed equity securities	67,000	–	–	67,000
Australian listed property trusts	10,035	–	–	10,035
Total financial liabilities at fair value through profit or loss	720,476	–	–	720,476

Notes to the Financial Statements

Continued

At 30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Swaps	–	16,934	–	16,934
Australian listed equity securities	754,130	–	–	754,130
International listed equity securities	582,882	–	–	582,882
Australian listed property trusts	54,335	–	–	54,335
Total financial assets at fair value through profit or loss	1,391,347	16,934	–	1,408,281
Financial liabilities at fair value through profit or loss				
Australian share price index futures	1,014	–	–	1,014
Australian listed equity securities	624,259	–	–	624,259
International listed equity securities	79,134	–	–	79,134
Australian listed property trusts	30,830	–	–	30,830
Total financial liabilities at fair value through profit or loss	735,237	–	–	735,237

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy for the half-year.

(iv) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are reasonable approximations of their fair values due to their short-term nature.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Notes to the Financial Statements

Continued

(i) Income taxes

The Company has recognised deferred tax assets relating to current period and carried forward tax losses, offer costs expense and unrealised losses on investments of \$38,662,000 at 31 December 2019 (30 June 2019: \$69,914,000). The utilisation of tax losses depends on the ability of the Company to generate future taxable profits. The Company considers that it is probable that future taxable profits will be available to utilise those deferred tax assets. This assessment is supported by the Investment Manager's long-term performance and profitability. New information may become available that may cause the Company to change its judgement regarding calculation of tax balances, and such changes will impact the profit or loss in the period that such determination is made. However, utilisation of the tax losses also depends on the ability of the Company to satisfy certain tests at the time the losses are recouped. The Company may fail to satisfy the continuity of ownership test and therefore would have to rely on the same business test. If the Company fails to satisfy the test, the tax losses of \$66,491,000 (30 June 2019: \$60,196,000) that is currently recognised would be written off to income tax expense. Refer to Note 6 for further discussion of accounting for deferred tax assets.

5 Segment information

The Company has only one reportable segment. The Company operates in one industry being investment in securities, deriving revenue from dividend and trust distribution income, interest income and from the sale of its trading portfolio.

6 Deferred tax assets

	At 31 December 2019 \$'000	At 30 June 2019 \$'000
The balance comprises temporary differences attributable to:		
Tax losses	66,491	60,196
Net unrealised (gains)/losses on investments	(32,178)	3,196
Capitalised share issue costs	4,343	6,515
Other temporary differences	6	7
	38,662	69,914
Movements:		
Opening balance	69,914	43,867
Charged/credited:		
– directly to equity	4,343	6,515
– directly to profit or loss	(35,595)	19,532
Closing balance	38,662	69,914

Notes to the Financial Statements

Continued

7 Issued capital

(a) Share capital

	31 December 2019 Shares '000	30 June 2019 Shares '000	31 December 2019 \$'000	30 June 2019 \$'000
Ordinary shares	664,839	664,839	1,329,678	1,329,678

(b) Movements in issued capital

	Number of shares '000	\$'000
Opening balance 30 June 2019	664,839	1,304,338
Capital raising costs	-	-
Capital raising costs – tax effect	-	-
Closing balance 31 December 2019	664,839	1,304,338

	Number of shares '000	\$'000
Opening balance 30 June 2018	664,839	1,304,325
Capital raising costs*	-	19
Capital raising costs – tax effect*	-	(6)
Closing balance 30 June 2019	664,839	1,304,338

* The movement in capital raising costs represents adjustment on the Reduced Input Tax Credit (RITC) associated to previously incurred capital raising costs.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.



Notes to the Financial Statements

Continued

8 Dividends

No dividends were declared or proposed during the half-year ended 31 December 2019 (31 December 2018: nil).

9 Contingencies and commitments

The Company had no contingent assets, liabilities or commitments as at 31 December 2019 (30 June 2019: nil).

10 Events occurring after the reporting period

In the latest release to the ASX on 27 February 2020 the company reported NTA at 24 February 2020 as follows:

	24 February 2019 (A) \$	31 December 2019 (B) \$
Net tangible asset backing (per share) before tax	1.6906	1.8416
Net tangible asset backing (per share) after tax	1.7878	1.8977

(A) ASX announcements are approximates and not audited by Ernst & Young.

(B) NTA audited by Ernst & Young.

Other than the above matters, the Directors are not aware of any matter or circumstance not otherwise dealt with in this interim financial report that has significantly or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future financial periods.

Directors' Declaration

For the half-year ended 31 December 2019

In the opinion of the Directors of L1 Long Short Fund Limited:

- (a) the interim financial statements and notes set out on pages 7 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Andrew Larke

Independent Chairman

Melbourne

27 February 2020



Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

For the half-year ended 31 December 2019



**Building a better
working world**

Ernst & Young
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Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of L1 Long Short Fund Limited (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Company is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

Continued



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Ernst & Young

Rohit Khanna
Partner
Sydney
27 February 2020

