

The L1 Long Short Fund portfolio returned 1.8% (net)¹ in July (ASX200AI 1.1%).

The portfolio has returned 78.9% (net)¹ over the past 12 months (ASX200AI 28.6%).

The portfolio has continued to perform strongly, despite a significant market headwind for value and cyclical stocks.

Global equity markets were mixed in July with concerns over the aggressive spread of the COVID-19 Delta variant leading to a downward revision of global growth estimates due to increased restrictions in many countries (including Australia) and delayed re-opening timelines.

Despite inflation running higher than market expectations, continued dovish Central Bank commentary and 'risk-off' market sentiment contributed to yields on 10-year treasuries in both the U.S. and Australia falling to their lowest levels in more than five months.

The S&P/ASX 200 Accumulation Index returned 1.1% in July. The strongest sectors in Australia were Materials (+7.1%), Industrials (+4.3%) and Utilities (+1.6%), while Information Technology (-6.9%), Energy (-2.5%) and Financials (-1.4%) lagged.

Portfolio performance in July was pleasing with stock picking gains more than offsetting the impact from a broader rotation towards growth/defensive stocks and away from value/cyclical stocks. While the Delta variant has led to a substantial increase in COVID-19 cases, vaccines continue to offer high levels of protection from hospitalisation or death which we believe is key to enabling further economic re-opening.

The investment team continued to add to its position in LSF in July, reconfirming our strong alignment with investors and our positive outlook for the portfolio. Our expectations remain underpinned by the large number of portfolio stocks with significant upside to valuation and the extreme stock dispersion across the market, which provides attractive opportunities for stock picking.

Returns (%) (Net) ¹	L1 Long Short Portfolio	S&P ASX 200 AI	Out-performance
1 month	1.8	1.1	+0.7
3 months	5.3	5.8	-0.5
YTD	20.3	13.8	+6.7
1 year	78.9	28.6	+50.4
2 years p.a.	30.4	7.6	+22.7
3 years p.a.	16.8	9.5	+7.4
LSF Since Inception p.a.	11.7	11.0	+0.7
Strategy Since Inception ² p.a.	22.7	8.3	+14.4

Some of the key contributors to portfolio performance during the month of July were:

F45 is a high growth, fitness franchise with more than 1,500 studios worldwide offering innovative, high-intensity group workouts designed to be fast, fun and results-driven. The company operates a capital-light, technology-enabled franchise model that is highly scalable and differentiated relative to key peers. We made a pre-IPO investment in F45 in December 2020 after the outstanding vaccine data from Pfizer and Moderna had been released. We very rarely invest in pre-IPO situations, however, in this instance we believed we had found a highly attractive opportunity with a clear path to value realisation in less than 12 months. When we invested, F45 was facing transitory headwinds due to the COVID-19 pandemic, however the strength of the brand and underlying resilience of the business model (F45 had <1% permanent closures during the depths of the pandemic) remained firmly intact. The company subsequently listed on the NYSE (FXLV) in July and has a current valuation of ~US\$1.4b, resulting in a 63% return for the portfolio's investment. Despite the strong gain, we continue to believe F45 has an exciting future with 1,200+ additional studios already sold to franchisees and expected to open over the next couple of years.

¹ All performance numbers are quoted net of fees. Net returns are calculated based on the movement of the underlying investment portfolio. Figures may not sum exactly due to rounding. Past performance should not be taken as an indicator of future performance. ² Strategy performance and exposure history is for the L1 Long Short Fund Limited (ASX:LSF) since inception on 24 Apr 2018. Prior to this date, data is that of the L1 Capital Long Short Fund – Monthly Class since inception (1 Sep 2014). ³ Return is calculated from the inception of L1 Long Short Fund Limited's position (pre-IPO) to 31 July 2021.



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Mineral Resources (Long +17%) shares continued to rise on the back of sustained operational progress and strong commodity prices. Over the past few months, lithium prices rose strongly and iron ore prices stabilised at a very high level leading to rising consensus earnings expectations. In addition, the company made further progress towards realising its substantial iron ore expansion plans and we expect its Ashburton project to be formally announced in the coming quarter. We believe Mineral Resources continues to be a compelling investment, offering a rare combination of attractive valuation, high-quality management, supportive industry dynamics and a rock solid balance sheet.

Z Energy (Long +11%) shares rose during the month following the company's long awaited analyst day which provided an upbeat medium-term outlook. Z Energy is New Zealand's leading fuel distributor with branded service stations nationwide. The company presented a gameplan to address the challenges it will face as a portion of its vehicle fleet starts to transition to electric vehicles, as well as announcing the conversion of the New Zealand refinery to an import terminal and a path to listing their prime service station sites through a REIT (leading to a combined working capital release of ~NZ\$300m). We believe Z Energy is an exceptional investment opportunity trading on only ~8x consensus FY22 EV/EBITDA despite offering multiple years of double-digit EBITDA growth as well as a number of company-specific value catalysts.

A key detractor to portfolio performance during the month of July was:

Star Entertainment (Long -7%) shares declined in July primarily due to further COVID-19 lockdown measures implemented across the state of NSW. During the month Star also withdrew its merger proposal with Crown Resorts due to concerns on Crown's ability to retain its Melbourne casino license. We believe the merger could unlock substantial benefits and expect Star to re-evaluate the transaction once there is greater regulatory certainty. We continue to believe Star has an attractive outlook on a standalone basis given the scarcity value of its casino licenses and the transformative impact of the Queen's Wharf development in Brisbane. In our view, Star's market cap of ~\$3.2b hugely undervalues the company's asset base, licenses and likely cashflow generation. While the market is very focused on the short-term risks around COVID-19 disruption, we believe the medium-term outlook for Star looks very attractive.

Strategy Returns (Net)⁴ (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	-	-	-	-	-	-	-	-	(2.42)	3.03	2.85	1.61	5.17
2015	0.59	9.14	2.42	1.71	3.73	(0.86)	3.30	2.06	5.51	8.49	8.11	4.62	60.52
2016	5.81	0.59	5.47	2.46	2.78	(0.89)	3.22	3.92	0.46	(0.13)	0.55	2.22	29.61
2017	2.51	1.87	3.15	1.03	4.18	1.70	2.62	1.69	1.93	2.54	0.89	3.56	31.40
2018	0.56	(0.47)	(1.64)	(1.32) ⁴	(4.05)	(5.96)	1.01	(5.34)	(2.06)	(3.90)	(2.60)	(5.95)	(27.74)
2019	4.26	5.11	0.16	3.05	(2.73)	3.87	0.63	0.40	2.54	3.46	0.36	2.06	25.46
2020	(7.75)	(6.85)	(22.93)	23.16	10.94	(2.12)	(1.69)	9.99	0.63	(2.37)	31.94	4.29	29.50
2021	(0.17)	9.00	(0.14)	5.11	4.07	(0.52)	1.75						20.32

Portfolio Positions

Number of total positions	84
Number of long positions	68
Number of short positions	18
Number of international positions	33

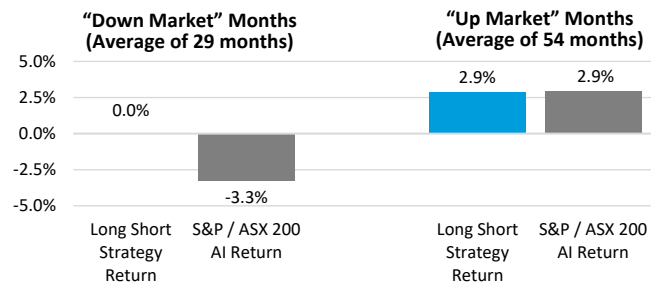
Share Price & NTA as at 31 July 2021⁵

Share Price	\$2.58
NTA pre-tax per share	\$2.8530
NTA post-tax per share	\$2.6282

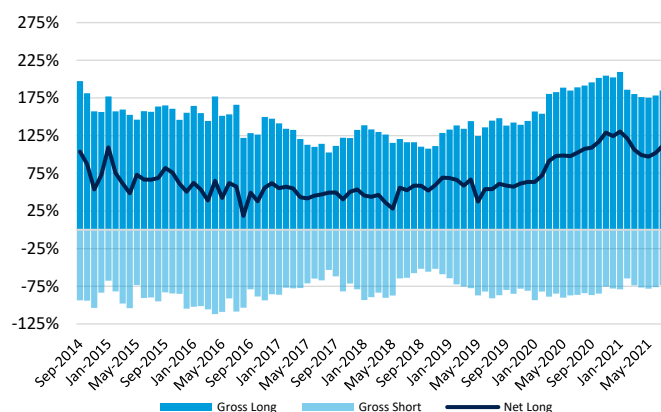
Net & Gross Exposure by Region⁴ (%)

Geography	Gross Long	Gross Short	Net Exposure
Australia / NZ	118	62	55
North America	34	8	26
Europe	28	2	26
Asia	5	1	4
Total	185	73	112

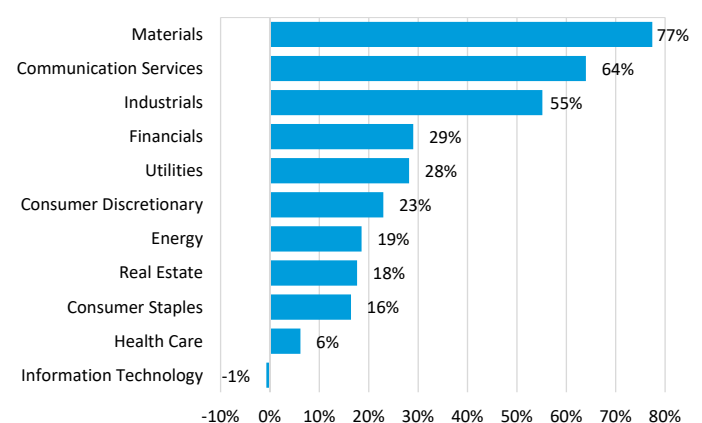
Strategy Performance Since Inception (Net)⁴



Historical Strategy Exposures⁴



Sector Contribution Since Strategy Inception (Net)⁴



⁴ All performance numbers are quoted net of fees. Net returns are calculated based on the movement of the underlying investment portfolio. Figures may not sum exactly due to rounding. Past performance should not be taken as an indicator of future performance. Strategy performance and exposure history is for the L1 Long Short Fund Limited (ASX:LSF) since inception on 24 Apr 2018. Prior to this date, data is that of the L1 Capital Long Short Fund – Monthly Class since inception (1 Sep 2014). ⁵ 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 realised tax and deferred tax on unrealised gains and losses.



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Investment Guidelines

Typical no. of positions	50-100 securities
Geographic exposures	Max 30% gross outside of Aust/NZ
Net exposure limits	Max 150% of NAV; typically 30-100%
Gross exposure limits	Max 300% of NAV; typically 150-300%

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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L1 Capital (Investment Manager) Overview

L1 Capital is a global investment manager with offices in Melbourne, Sydney, Miami and London. The business was established in 2007 and is 100% owned by its senior staff, led by founders Raphael Lamm and Mark Landau. The team is committed to offering clients best of breed investment products through strategies that include long only Australian equities, long short equities, international equities, activist equities, a global multi-strategy hedge fund and U.K. residential property. The firm has built a reputation for investment excellence, with all L1 Capital's strategies delivering strong returns since inception versus both benchmarks and peers. The team remains dedicated to delivering on that strong reputation through providing market-leading performance via differentiated investment approaches with outstanding client service, transparency and integrity. L1 Capital's clients include large superannuation funds, pension funds, asset consultants, financial planning groups, family offices, high net worth individuals and retail investors.



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Information contained in this publication

L1 Long Short Fund Limited, managed by L1 Capital Pty Ltd, 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.

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 Licence 314302). L1 Capital Pty Ltd has prepared this publication in good faith in relation to the facts known to it at the time of preparation. This publication contains general financial product advice only. In preparing this information, we did not consider 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.

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