

- The L1 Long Short Fund (LSF) portfolio returned 3.6%¹ in January (ASX200AI 6.2%).
- Over the past 3 years, the portfolio has returned 28.0%¹ p.a. (ASX200AI 6.0% p.a.).
- Global equity markets recovered in January with signs of a moderation in inflation leading to a fall in bond yields and improved investor sentiment.

Global equity markets rallied in January as inflation showed signs of moderation, with the Fed's preferred measure of inflation, the Core PCE Price Index, slowing to under 5% in November and December. This resulted in a decrease in bond yields in both the U.S. and Australia (U.S. 10-year yield -35bps and Australian 10-year yield -50bps) as market expectations of further interest rate hikes decreased.

Investor sentiment improved in response to the inflation data as well as better-than-expected U.S. economic data. Market volatility fell, with the VIX (the market's 'fear gauge') closing below 20 for the first time since December 2021. The price of gold rose 5.7% to US\$1,924 per ounce, marking the third straight month of increases, driven by a weaker U.S. dollar, lower expected U.S. interest rates and strong demand from central banks.

The S&P/ASX 200 Accumulation Index returned 6.2% in January with all sectors except Utilities producing positive returns. Consumer Discretionary (9.9%), Materials (8.9%) and Property (8.1%) were the strongest sectors, while Utilities (-3.0%), Energy (1.3%) and Healthcare (3.9%) were the weakest sectors.

Portfolio performance was positive in January, driven by several supportive stock-specific updates along with tailwinds from the broader recovery in global markets.

Despite the recent rebound in equity markets, we remain relatively cautious on the outlook due to the lagged impact of significant interest rate hikes, weakness in leading economic indicators, gradually increasing pressure on corporate earnings and tail-risk from geopolitical tensions.

Given that assessment, we have intentionally reduced our net market exposure and believe ongoing market volatility remains likely as investors continually reassess their outlook for the economy, interest rates and corporate profits. From our extensive company research, we are continuing to identify numerous mis-priced stocks that we believe will deliver attractive long-term returns to our investors.

| Returns (Net) ¹ (%) | L1 Long Short Portfolio | S&P ASX 200 AI | Out-performance |
|--|-------------------------|----------------|-----------------|
| 1 month | 3.6 | 6.2 | (2.6) |
| 3 months | 16.3 | 9.6 | +6.7 |
| 6 months | 19.2 | 10.3 | +8.8 |
| 1 year | 11.6 | 12.2 | (0.6) |
| 2 years p.a. | 22.4 | 10.8 | +11.6 |
| 3 years p.a. | 28.0 | 6.0 | +22.1 |
| 4 years p.a. | 23.5 | 10.4 | +13.2 |
| LSF Since Inception p.a. | 12.9 | 9.1 | +3.7 |
| Strategy Since Inception ² p.a. | 21.3 | 7.7 | +13.5 |

Key contributors to portfolio performance in January included:

Capstone Copper (Long +32%) shares rose on the back of strengthening copper prices and the continued strong execution of its growth projects. Capstone has an exceptional growth profile with a pipeline of fully permitted projects that will enable it to more than double copper production from ~185kt currently, to close to 400kt over the next few years. Additionally, the integration of its Mantoverde (MVDP) and Santo Domingo assets, which has the potential to establish Capstone as one of the largest and most cost-effective producers of battery-grade cobalt in the world, remains on track. The company is fully funded to complete the currently approved project pipeline and has a highly capable, focussed and aligned management team.

Alibaba Group (Long +25%) shares rallied based on favourable sentiment surrounding China's reopening and indications from Chinese authorities that the prolonged restructuring process of Alibaba/Ant Financial is finally drawing to a close. The company remains a high-quality business with leading positions in both eCommerce and Public Cloud. Alibaba shares have now rallied more than 90% since their early November lows. Given that enormous rally and our China re-opening catalyst playing out, we elected to exit our position in Alibaba at around \$116 per share.

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). NOTE: Fund returns and Australian indices are shown in A\$. Returns of U.S. indices are shown in US\$. Index returns are on a total return (accumulation) basis unless otherwise specified.



L1 CAPITAL

L1 Long Short Fund Limited

Monthly Report | JANUARY 2023

James Hardie (Long +19%) shares rose with housing sentiment improving as U.S. homebuilders noted a sharp increase in new housing demand in January and U.S. 30-year fixed mortgage rates eased to around 6% after peaking above 7% in November 2022. James Hardie is the market leader in fibre cement siding and has been growing its market share in the U.S. for over 20 years. The business mix has evolved considerably since the Global Financial Crisis, with ~65% of group revenues currently driven by repair and remodel exposure and ~35% from new housing. We believe James Hardie is well placed to manage through a period of softer new housing demand and thereafter to continue to grow at an above-market rate for many years to come.

BlueScope Steel (Long +16%) shares strengthened in January as U.S. steel spreads recovered, providing a tailwind for the company's second half earnings expectations. BlueScope continues to focus on growing its U.S. operations with a 850ktpa capacity expansion at the North Star facility in Ohio, the acquisition of the U.S.'s second largest metal coating/painting company in Coil Coatings, and the establishment of BlueScope Recycling from its acquisition of the MetalX recycling business. Despite the recent share price rally, we continue to believe the market significantly undervalues BlueScope's unique and strategic asset base.

Imdex (Long +16%) shares rose after delivering first half results that exceeded market expectations and announcing the acquisition of Devico, a leading global mining technology company based in Norway. We believe the acquisition is strategic and value accretive and will accelerate the company's global growth strategy. Imdex raised \$224 million to fund the acquisition, which was well supported by the market. We believe Imdex is well-positioned for long-term growth as it is in the early stages of launching the industry's best suite of new and improved products.

Strategy Returns (Net)³ (%)

| | 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) ³ | (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 | 5.10 | 4.86 | 2.32 | (7.36) | 3.66 | 30.29 |
| 2022 | 2.79 | 6.87 | 1.34 | 3.44 | 0.06 | (13.39) | (3.34) | 5.37 | (7.60) | 5.24 | 7.52 | 4.36 | 10.72 |
| 2023 | 3.65 | | | | | | | | | | | | 3.65 |

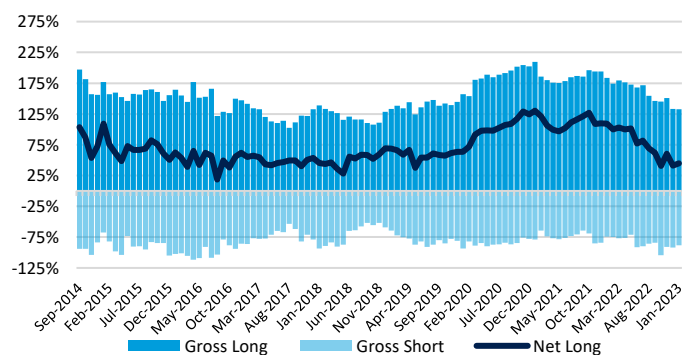
Portfolio Positions

| | |
|-----------------------------------|----|
| Number of total positions | 77 |
| Number of long positions | 54 |
| Number of short positions | 23 |
| Number of international positions | 28 |

Net & Gross Exposure by Region³ (%)

| Geography | Gross Long | Gross Short | Net Exposure |
|---------------|------------|-------------|--------------|
| Australia/NZ | 79 | 74 | 5 |
| North America | 36 | 14 | 22 |
| Europe | 13 | - | 13 |
| Asia | 4 | - | 4 |
| Total | 132 | 88 | 45 |

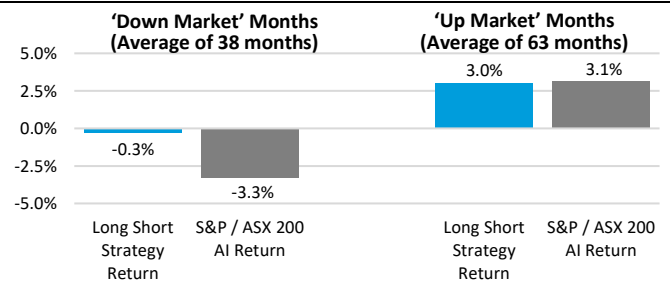
Historical Strategy Exposures³



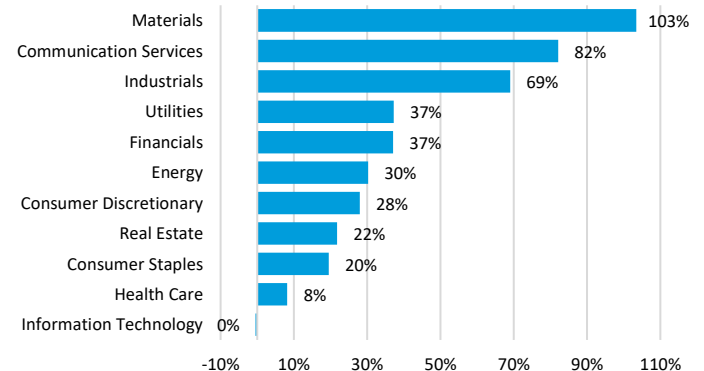
Company information as at 31 January 2023⁴

| | |
|--------------------|-------------|
| Share Price | \$2.8800 |
| NTA before tax | \$3.0737 |
| NTA after tax | \$2.9980 |
| Shares on issue | 613,825,593 |
| Company market cap | \$1.77b |

Strategy Performance Since Inception³ (Net)



Sector Contribution Since Strategy Inception³ (Net)



3. 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). 4. The NTA before tax is calculated before the provision for deferred tax on unrealised gains and losses on the investment portfolio. The NTA after tax is calculated after all taxes.

Key personnel

| | |
|------------------------|--|
| Andrew Larke | Independent Chair |
| John Macfarlane | Independent Director |
| Harry Kingsley | Independent Director |
| Raphael Lamm | Non-Independent Director |
| Mark Landau | Non-Independent Director |
| Mark Licciardo | Company Secretary |
| Registry | Link Market Services Limited |
| Company website | www.L1LongShort.com |
| Manager website | www.L1.com.au |
| LinkedIn | Follow us on  |

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Company Information – LSF

| | |
|------------------------|--|
| Name | L1 Long Short Fund Limited |
| Structure | Australian Listed Investment Company (ASX:LSF) |
| Inception | 24 April 2018 |
| Management fee | 1.44% p.a. inclusive of GST and RITC |
| Performance fee | 20.0% |
| High watermark | Yes |

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 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 short Australian 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. 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.



L1 CAPITAL

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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. Past performance is not a reliable indicator of future performance.

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