

- The L1 Long Short Fund (LSF) portfolio returned 5.2%¹ in July (ASX200AI 2.9%).
- The portfolio has returned 23.6%¹ over the past year (ASX200AI 11.7%).
- Over the past 3 years, the portfolio has returned 32.1%¹ p.a. (ASX200AI 12.0% p.a.).
- Portfolio performance was strong in July on the back of potential China stimulus measures, along with several positive company specific updates.

Global markets extended their gains in July, with constructive economic data reinforcing investor expectations for a potential soft-landing in the U.S.

Incremental U.S. economic data was reassuring, with U.S. GDP coming in at 2.4% (versus consensus expectations of 2.0%). Inflation continued to moderate with the PCE price index slowing further to 3.0% YoY in June from 3.8% in May.

Resources started the month negatively on weaker Chinese economic data (Q2 GDP of 6.3% versus expectations of 7.3%), however, recovered strongly in the back half on Chinese Politburo stimulus talks (brent crude +14%, nickel +9%, copper +6%).

Bond yields in Australia remained relatively flat after the RBA paused in both the July and August monetary policy meetings. The Fed lifted rates by 25bps in line with market expectations and maintained their 'hawkish' tone, leading to a 10bps increase in U.S. 10-year bond yields.

The S&P/ASX 200 Accumulation Index returned 2.9%. Energy (+8.8%), Financials (+4.9%) and Information Technology (+4.5%) were the strongest sectors, while Health Care (-1.5%), Consumer Staples (-1.0%) and Materials (+1.4%) lagged.

Portfolio performance was strong over the month, driven by several supportive stock-specific updates along with tailwinds from a recovery in commodity prices.

We believe equity markets are facing opposing forces of positivity from moderating inflation and potential policy stimulus in China, offset by headwinds from weak leading economic indicators, increasing pressure on corporate earnings and lingering tail risk from geopolitical tensions.

We anticipate rising market volatility as investors continue to reassess their expectations 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 for our investors.

Returns (Net) ¹ (%)	L1 Long Short Portfolio	S&P ASX 200 AI	Out-performance
1 month	5.2	2.9	+2.4
3 months	3.6	2.0	+1.6
6 months	3.7	1.2	+2.5
1 year	23.6	11.7	+11.9
2 years p.a.	13.5	4.5	+9.0
3 years p.a.	32.1	12.0	+20.1
4 years p.a.	21.7	6.1	+15.6
5 years p.a.	15.5	7.5	+8.0
LSF Since Inception p.a.	12.4	8.5	+3.9
Strategy Since Inception² p.a.	20.5	7.4	+13.1

Figures may not sum exactly due to rounding.

Key contributors to portfolio performance in July included:

Downer (Long +7%) shares strengthened over the month as the company continues to progress its transition towards a higher-quality urban services portfolio. With a renewed leadership team at both the Board and senior management level, Downer continues to pursue additional self-help measures and simplification initiatives within the core business. These include a cost reduction target of \$100m p.a. by FY25 and further asset sales. We anticipate these changes will help transform Downer into a more resilient, less capital-intensive and lower risk services business exposed to growing, annuity-style contracts.

Alibaba (Long +23%) shares performed strongly on better-than-expected pro-market policy guidance from the Chinese leadership. We believe that Alibaba remains a high-quality business with leading positions in both eCommerce and Public Cloud, and management is taking proactive steps to unlock shareholder value. It has announced plans to split into six major business groups – Cloud Intelligence, Taobao Tmall, Local Services, Global Digital, Cainiao Smart Logistics and Digital Media, and Entertainment Group. We believe this restructure will be a strong positive catalyst to unlock the sum-of-the-parts valuation upside in the company.

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 | JULY 2023

Capstone (Long +15%) 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 are poised to more than double its current copper production of ~185kt to nearly 400kt over the next few years. Additionally, the company is quickly approaching completion and commissioning of its Mantoverde (MVDP) project which we expect to result in a major inflection in operating metrics across the business. Together with the integration of its Santo Domingo asset, Capstone is also set to become one of the largest and most cost-effective battery-grade cobalt producers in the world.

The company is fully funded to complete its currently approved project pipeline and is led by a highly capable, focussed and aligned management team.

Worley (Long +10%) shares rallied over the quarter with continued positive sentiment towards energy capital expenditure, along with major project wins. Worley remains one of the few global engineering consultancy firms that is ideally positioned to benefit from the energy transition shift and significant spend that is likely to be invested in hydrogen, carbon capture and renewable energy. We believe Worley is in the early innings of the pivot to 'green' energy opportunities, with the market continuing to view the stock as a legacy oil and gas engineering contractor, despite its critical role in enabling the energy transition.

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	(2.04)	0.54	1.64	(3.19)	1.70	5.25						7.51

Portfolio positions

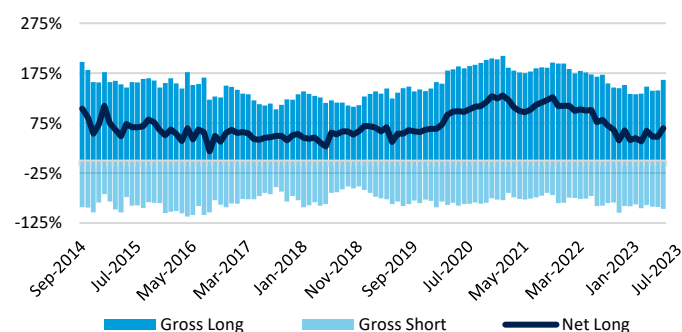
Number of total positions	82
Number of long positions	62
Number of short positions	20
Number of international positions	24

Net & gross exposure by region³ (%)

Geography	Gross long	Gross short	Net exposure
Australia/NZ	98	72	26
North America	45	10	35
Europe	14	-	14
Asia	2	-	2
Total	159	82	77

Figures may not sum exactly due to rounding.

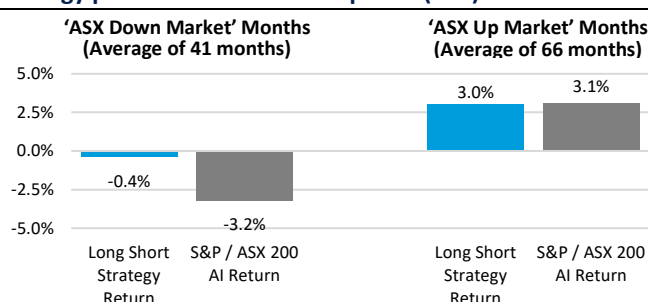
Historical Strategy exposures³



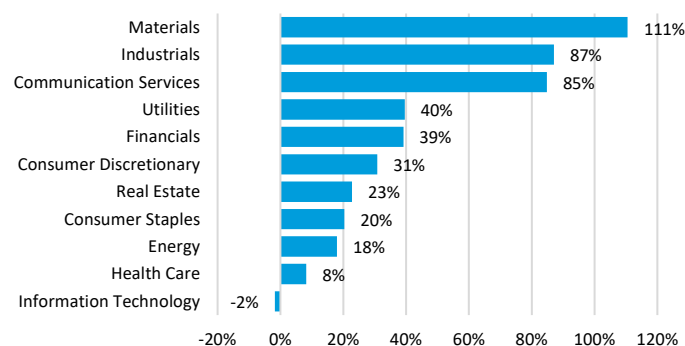
Company information as at 31 Jul 2023⁴

Share Price	\$2.91
NTA before tax	\$3.14
NTA after tax	\$3.03
Shares on issue	616,618,288
Company market cap	\$1.79b

Strategy performance since inception³ (Net)



Sector contribution since Strategy inception³ (Net)



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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
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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 net of RITC
Performance fee	20.5% p.a. inclusive of GST and net of RITC
High watermark	Yes
Platform availability	BT Panorama, CFS Firstwrap, HUB24, IOOF, Macquarie Wrap, Mason Stevens, Netwealth, Powerwrap, uXchange

Scan the QR code for more information



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, private wealth firms, financial planning groups, family offices, high net worth investors 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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