

L1 Long Short Fund Limited (ASX:LSF)

June 2025

- The L1 Long Short Fund (LSF) portfolio returned 5.8%¹ in June (ASX200AI 1.4%).
- Over the past 5 years, the portfolio has returned 21.0%¹ p.a. (ASX200AI 11.8% p.a.).
- Global markets continued to rise as optimism around tariff negotiations boosted investor sentiment.

Global equity markets rallied in June as investor sentiment continued to improve due to optimism around easing tariff and trade tensions. While there were some significant oil price swings over the month, markets generally looked through geopolitical volatility, including the conflict in Iran.

The temporary pause in U.S. tariff escalation, along with reports of negotiations on 18 key trading partner deals boosted investor confidence. In particular, the U.S. rare earth minerals supply agreement with China on 26 June was viewed as a key breakthrough.

The U.S. Federal Reserve left the cash rate unchanged in June, the fourth consecutive meeting where rates were held steady. Nevertheless, signs of moderating inflation drove U.S. bond yields lower, with 10-year Treasuries ending the month at 4.23% (down 17bps). In Australia, May CPI data also showed inflation easing, which increased market expectations for a July rate cut to a probability of 97%.

The ASX200AI returned 1.4% in June, with outsized gains in Energy (+9.0%) due to a 7% increase in oil prices driven by the conflict in Iran. Financials (+4.3%) and Property (+1.8%) also posted strong returns, while Materials (-3.1%), Consumer Staples (-2.3%) and Healthcare (-1.0%) fell.

The portfolio performed strongly over the month, supported by broad-based gains – nine stocks each contributed more than 0.5% to fund performance, while only one stock detracted more than 0.5%. Our gold holdings generally retreated in June, following robust performance in May, influenced by a plateau in gold prices and some compositional changes in global gold ETFs.

Returns (Net)¹ (%)

	LSF Portfolio	S&P/ASX 200 AI	Out- performance
1 month	5.8	1.4	+4.4
3 months	12.2	9.5	+2.7
1 year	7.2	13.8	(6.6)
3 years p.a.	11.0	13.6	(2.5)
5 years p.a.	21.0	11.8	+9.2
LSF Since Inception p.a.	11.0	9.4	+1.6
LSF Strategy Since Inception² p.a.	18.1	8.2	+9.9

Figures may not sum exactly due to rounding.

We believe the Australian equity market is now fully valued, with several large cap stocks trading far above historical multiples and global peers. Encouragingly, we are finding numerous undervalued stocks offshore, where we see a far more compelling combination of strong earnings growth, shareholder friendly management, conservative balance sheets and significant valuation support. We continue to believe that infrastructure, gold, copper, travel and 'quality value' stocks provide some of the best opportunities globally. Our portfolio also has a stronger than usual Value skew, with our median long position having a P/E of 11x, ~8% FCF yield and double-digit EPS growth, providing a compelling medium-term return profile in spite of a slowing macro backdrop.

1. All performance numbers are quoted net of fees. LSF (ASX:LSF) returns are calculated based on the movement of the underlying investment portfolio net of all applicable fees and charges since inception on 24 April 2018. Figures may not sum exactly due to rounding. **Past performance should not be taken as an indicator of future performance.** 2. LSF Strategy Since Inception returns are for the L1 Capital Long Short Fund – Monthly Class since inception (1 September 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.

Key contributors to portfolio performance in June were:

Santos (Long +16%) performed well during the month primarily driven by a non-binding, indicative cash takeover proposal from a consortium led by ADNOC, which proposes to purchase Santos for US\$5.76/sh (A\$8.89/sh). This represents a 28% premium to the share price of Santos prior to the offer. In addition, during the month, oil prices moved sharply higher as a result of the conflict in Iran, peaking at US\$79/bbl vs. US\$64/bbl (+23%) at the end of May. Oil prices, however, largely retraced following ceasefire agreements between Israel and Iran, ending the month at US\$67/bbl.

The takeover proposal supports our underlying thesis that Santos' asset base is materially undervalued by the market. The company continues to make significant progress on its key growth initiatives, with its Barossa project now over 95% complete and on track for first production in 2025, and the Pikka project more than 82% complete. The completion of these projects will conclude a multi-year period of elevated capex spend and represents an inflection point for earnings and cashflows. As a result, and regardless of the ultimate outcome of the takeover proposal, we believe Santos remains well positioned to deliver attractive returns for investors.

Viva Energy Group (Long +16%) shares performed strongly driven by an improvement in both Australian retail fuel margins and global refining margins. Retail fuel margins appear to have recovered from the prolonged trough at the start of 2025, and, on average, have exceeded 2024 levels during Q2 2025. Refining margins have been extremely volatile, having declined sharply on global macroeconomic fears following President Trump's 'Liberation Day' tariff announcement in April, then recovering primarily as a result of the escalating conflict in Iran.

While Viva's recent performance and H1 2025 guidance has been disappointing, we continue to expect H2 2025 to improve significantly, benefiting from acquiring its remaining interest in the Liberty Convenience business, substantial synergies from combining the Coles Express and OTR businesses and its \$50m cost-out program. OTR remains a proven, high-quality fuel and convenience retail offering. There is significant earnings upside potential from rolling out OTR across the well-located, but historically under-invested Coles Express sites, with the initial set of conversions performing well. Management have retained their \$500m EBITDA target for the Convenience & Mobility business (compared with \$231m EBITDA in 2024).

James Hardie (Long +18 %) shares recovered over the month after a sharp negative share price reaction post the announcement of the Azek acquisition in late March 2025. The acquisition was approved by Azek shareholders on 30 June, with the transaction completing shortly thereafter. We believe this has supported renewed interest for the company from U.S. investors, with a significant increase in U.S. liquidity post the closing of the transaction.

From a market outlook perspective, the environment continues to remain difficult and uncertain. Several large U.S. homebuilders noted weak demand trends over the spring selling season with home buyers continuing to struggle with high mortgage rates and declining affordability metrics. Tariff volatility has also impacted consumer confidence across the sector. We believe these impacts are transitory and will improve over the next 1-2 years as interest rates decline and consumer confidence improves. James Hardie, together with Azek, remains a secular share gainer in attractive industry verticals within the building products industry and we continue to see further upside from current share price levels.

Key detractors to portfolio performance in June were:

Gold Investments: after a materially positive contribution to the portfolio over the course of 2025, select gold stocks retraced some of their recent gains during the month due to the physical gold price consolidating below its all-time-high earlier in the year. We continue to maintain a positive outlook for gold and believe the equities continue to represent exceptional value within this backdrop. We refer our readers to our [December 2024 quarterly report](#) and recent [webinar](#) where we outlined our outlook and positioning within the sector in more detail.

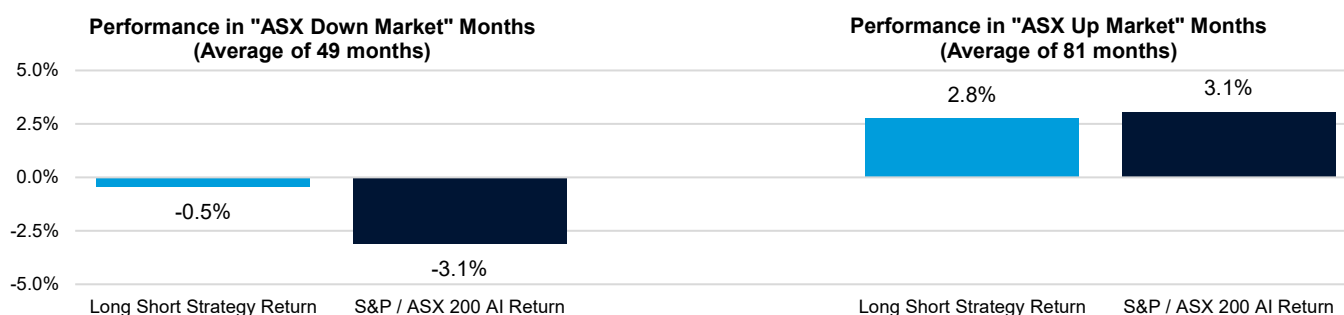
Webinar Replay | June 2025

Mark Landau, Joint Managing Director & Co-Chief Investment Officer, and Amar Naik, Head of Research, recently discussed portfolio performance, provided observations on current markets, set out how the portfolio is positioned and outlined several of our key stock picks.

To watch the replay, please click [here](#).

Strategy returns (Net)³ (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	-	-	-	-	-	-	-	-	(2.4)	3.0	2.8	1.6	5.1
2015	0.6	9.1	2.4	1.7	3.7	(0.9)	3.3	2.1	5.5	8.5	8.1	4.6	60.5
2016	5.8	0.6	5.5	2.5	2.8	(0.9)	3.2	3.9	0.5	(0.1)	0.6	2.2	29.6
2017	2.5	1.9	3.2	1.0	4.2	1.7	2.6	1.7	1.9	2.5	0.9	3.6	31.4
2018	0.6	(0.5)	(1.6)	(1.3) ³	(4.1)	(6.0)	1.0	(5.3)	(2.1)	(3.9)	(2.6)	(6.0)	(27.7)
2019	4.3	5.1	0.2	3.1	(2.7)	3.9	0.6	0.4	2.5	3.5	0.4	2.1	25.5
2020	(7.8)	(6.8)	(22.9)	23.2	10.9	(2.1)	(1.7)	10.0	0.6	(2.4)	31.9	4.3	29.5
2021	(0.2)	9.0	(0.1)	5.1	4.1	(0.5)	1.8	5.1	4.9	2.3	(7.4)	3.7	30.3
2022	2.8	6.9	1.3	3.4	0.1	(13.5)	(3.3)	5.4	(7.6)	5.2	7.5	4.4	10.7
2023	3.6	(2.0)	0.5	1.6	(3.2)	1.7	5.2	(4.9)	0.9	(3.1)	2.4	3.7	6.2
2024	0.3	(1.0)	8.1	3.3	2.6	(5.0)	1.5	(3.3)	4.3	(1.4)	(2.9)	(3.8)	2.0
2025	0.2	(0.9)	2.0	(0.7)	6.9	5.8							13.6

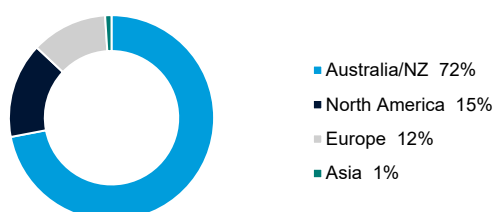
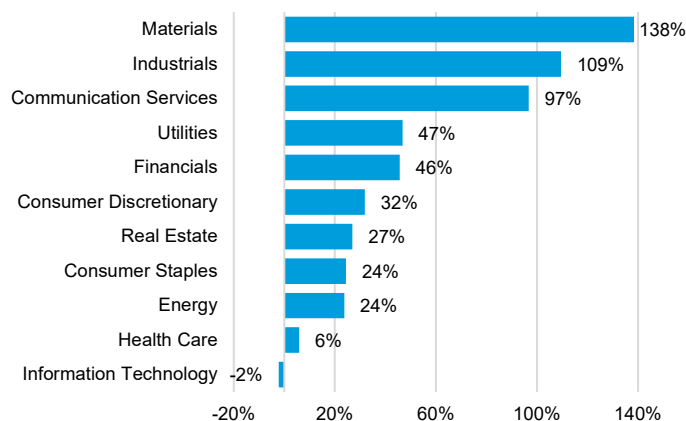
Strategy performance in rising and falling markets⁴ (Net)

Portfolio positions

Number of total positions	78
Number of long positions	58
Number of short positions	20
Number of international positions	30

Net and gross exposure (%)

	Gross long	Gross short	Net exposure
Australia/NZ	98	(88)	11
North America	36	(4)	32
Europe	31	-	31
Asia	3	-	3
Total ⁵	168	(92)	77

Gross geographic exposure as a % of total exposure⁴Sector contribution since Strategy inception⁴ (Net)Company information as at 30 June 2025⁶

Share Price	\$2.90
NTA before tax	\$3.25
NTA after tax	\$3.12
Shares on issue	628,939,776
Company market cap	\$1.82b

All performance numbers are quoted net of fees. Figures may not sum exactly due to rounding. **Past performance should not be taken as an indicator of future performance.** 3. LSF (ASX:LSF) returns are calculated based on the movement of the underlying investment portfolio net of all applicable fees and charges since inception on 24 April 2018. Strategy returns table is for the L1 Long Short Limited (ASX:LSF) since inception on 24 April 2018. Performance prior to this date is that of the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). 4. Exposure and contribution are that of the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). 5. 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. 6. Figures may not sum exactly due to rounding. Excludes of exposures to instruments not associated with a specific geography.

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	MUFG Corporate Markets
Company website	www.L1LongShort.com

Company information – LSF

Name	L1 Long Short Fund Limited
Structure	Listed Investment Company (ASX:LSF)
Inception	24 April 2018
Management fee*	1.44% p.a.
Performance fee**	20.5% p.a.
High watermark	Yes
Platform availability	BT Panorama, CFS Firstwrap, HUB24, IOOF, Macquarie Wrap, Mason Stevens, Netwealth, Powerwrap, uXchange

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.



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* Fees are quoted inclusive of GST and net of RITC. ** The performance fee is equal to the stated percentage of any increase in the NAV over any Performance Period.

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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