

- The L1 Long Short Fund (LSF) portfolio returned 1.6%¹ in April (ASX200AI 1.8%).
- Over the past 3 years, the portfolio has returned 33.4%¹ p.a. (ASX200AI 14.0% p.a.).
- Global markets were positive over the month as interest rate expectations steadied and concerns over the risk of a widespread banking crisis reduced.

Global equity markets rose modestly in April as interest rate hike expectations moderated after significant volatility in March from the onset of the U.S. banking crisis. A slowdown in the flight of deposits from U.S. regional banks further supported markets, providing investors with greater confidence that an extensive banking crisis may be avoided.

Bond yields were generally flat over the month in both Australia and the U.S. (U.S. 10-year yield -5bps and Australian 10-year yield +4bps). Commodity markets were generally weaker with copper, iron ore and oil prices falling, while gold remained at record highs close to US\$2,000/oz.

The S&P/ASX 200 Accumulation Index returned 1.8% in April. Property (+5.3%), Information Technology (+4.8%) and Industrials (+4.4%) were the strongest sectors, while Materials (-2.6%) and Utilities (+1.4%) lagged.

Portfolio performance was positive over the month, driven by some supportive stock-specific updates, along with tailwinds from M&A activity in some of our key positions.

We have a relatively cautious market outlook due to the lagged impact of significant interest rate hikes, weakness in leading economic indicators, gradually increasing pressure on corporate earnings and the tail risk from geopolitical tensions.

Given that assessment, we have intentionally set a lower than usual net market exposure. We anticipate ongoing market volatility as investors continually 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	1.6	1.8	(0.2)
3 months	0.1	(0.8)	+0.9
6 months	16.4	8.7	+7.7
1 year	(0.2)	2.8	(3.1)
2 years p.a.	14.5	6.4	+8.0
3 years p.a.	33.4	14.0	+19.4
4 years p.a.	21.1	7.7	+13.4
5 years p.a.	12.6	8.3	+4.3
LSF Since Inception p.a.	12.2	8.5	+3.7
Strategy Since Inception² p.a.	20.7	7.4	+13.3

Key contributors to portfolio performance in April included:

Teck (Long +28%) performed well following a takeover offer from Glencore at an implied premium of 22% to the pre-offer share price. The Teck Board rejected the offer and labelled it as “unsolicited and opportunistic”. Teck has been concurrently evaluating a separation of its coal and metals businesses via a more simplified approach (compared to their earlier proposal). In March, Teck also started its long-awaited copper production at QB2, one of the world’s largest new copper mines. QB2 is on track to reach full production capacity by the end of 2023. This increased copper production capacity comes at an opportune time as the global energy transition starts to accelerate. We believe Teck remains very attractive with operational momentum building as QB2 ramps up and clear corporate interest given its unique, high quality asset base.

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.

Newcrest Mining (Long +8%) is the largest gold producer on the ASX with annual gold production in excess of 2,000koz. The company is also a significant copper producer, with FY23 guidance for 135kt-155kt of copper from its Cadia, Telfer and Red Chris operations. In early February, the company received a takeover proposal from Newmont at an implied premium of 22% to the pre-offer share price which was rejected on valuation grounds. In April, Newcrest shares rallied, as Newmont subsequently put forward a revised proposal at an implied premium of 46% to the pre-offer share price. Newmont is currently conducting confirmatory due diligence in order to make its proposal binding.

We expect M&A activity in the gold sector to be a continued theme going forward. The largest gold miners have robust balance sheets and continue to search for opportunities to increase production, replenish depleting gold reserves and deliver synergies across operations through greater scale. Consolidation provides a lower risk and shorter timeframe to achieving these objectives at a time when large scale discoveries have become scarce and development timelines have extended.

Flutter (Long +9%) shares continued to rise with ongoing strong performance from its U.S. business and with the U.K. white paper on online gambling reform finally released in April after two years of delays. Flutter has already implemented many of the white paper's recommendations, with incremental impacts expected to be around 1% of group revenue. Flutter's U.S. sports betting and iGaming market share continues to accelerate, driven by its superior product, efficient customer acquisition strategies and strong operational execution. The U.S. division is now the largest by revenue for the company, with a clear path to profitability in 2023.

The company is also exploring a secondary listing in the U.S. which is set to be implemented in late 2023. This will enhance the company's profile, increase liquidity in Flutter shares and unlock deeper access to capital markets through new U.S. domestic investors. We continue to believe Flutter remains undervalued given its dominant industry position and exceptional growth outlook.

Imdex (Long -8%) was a detractor from portfolio performance in April. The shares fell during the month as financings for junior miners pointed to more subdued exploration activity going forward. While raising capital has been challenging for many miners in the current environment, we believe this will normalise with time as commodity end markets continue to remain robust. Imdex recently announced the acquisition of Devico, a leading global mining technology company. The acquisition will accelerate the company's global growth strategy and augment its industry leading suite of new and improved drilling technology 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	(2.04)	0.54	1.64									3.74

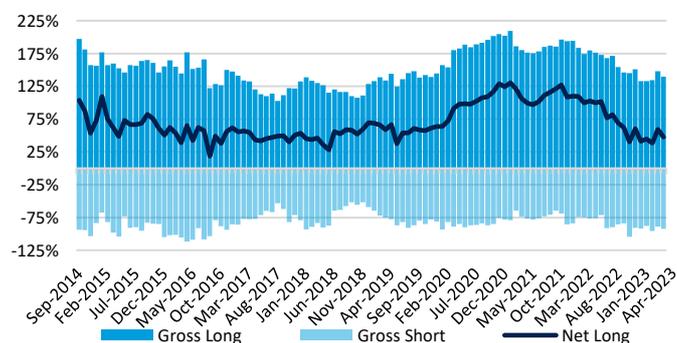
Portfolio positions

Number of total positions	77
Number of long positions	55
Number of short positions	22
Number of international positions	25

Net & gross exposure by region³ (%)

Geography	Gross Long	Gross Short	Net Exposure
Australia/NZ	88	74	14
North America	39	18	20
Europe	12	-	12
Asia	3	-	3
Total	141	93	48

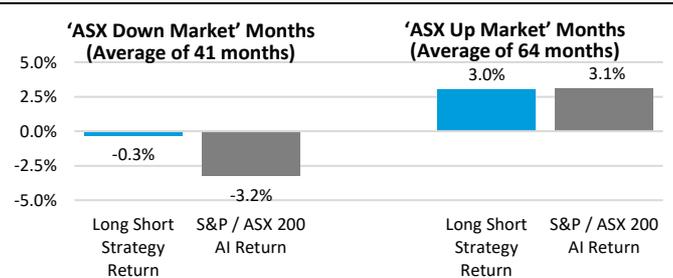
Historical Strategy exposures³



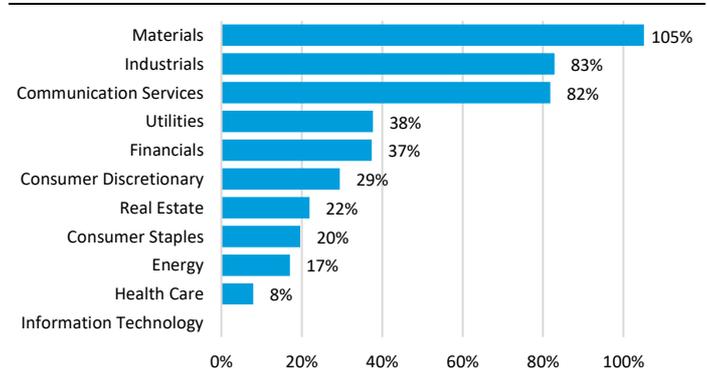
Company information as at 30 April 2023⁴

Share Price	\$2.84
NTA before tax	\$3.03
NTA after tax	\$2.95
Shares on issue	616,618,288
Company market cap	\$1.75b

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 

Contact us

Head of Distribution

Chris Clayton | cclayton@L1.com.au | +61 3 9286 7021

Researchers

Aman Kashyap | akashyap@L1.com.au | +61 477 341 403

Advisors

Alexander Ordon | aordon@L1.com.au | +61 413 615 224

Alejandro Espina | aespina@L1.com.au | +61 423 111 531

Private Clients

Edward Vine | evine@L1.com.au | +61 412 525 390

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	20.50% p.a. inclusive of GST and net of RITC
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

Level 45, 101 Collins Street
Melbourne VIC 3000

Australia

www.L1.com.au

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.

Copyright

Copyright in this publication is owned by L1 Capital. You may use this information in this publication for your own personal use, but you must not (without L1 Capital's consent) alter, reproduce or distribute any part of this publication, transmit it to any other person or incorporate the information into any other document.