

18 November 2021

The Manager

ASX Market Announcements

L1 Long Short Fund Limited – 2021 Annual General Meeting – Chairman’s Address

Performance

The Manager’s investment performance in calendar year 2021 to 31st October has been exceptional, with returns being 35.7%. This is on top of strong performances in 2020 (+29.5%) and 2019 (+25.5%). Three year performance has been 26.4% p.a. compared with 11.9% p.a. for the S&P ASX 200 Accumulation Index, an outperformance of 14.5% p.a. over that period. Since IPO in April 2018, the portfolio has achieved annual returns of 14.6% (on average) compared with 10.3% for the S&P ASX 200 Accumulation Index, an outperformance of 4.3% per annum over that period.

Dividend

This strong performance enabled the company to pay its maiden fully franked dividend of 1.5c/share in March this year and a final fully franked dividend of 3c/share in October this year, bringing total fully franked dividends to 4.5c/share for the 2021 financial year. We expect total dividends to increase in 2022.

Capital Management

Over the last 12 months to 31st October 2021, the share price discount to post-tax NTA has reduced from 19% down to just 2%. As the Company has a high turnover rate of its underlying share portfolio, we believe the post-tax NTA is the most accurate reflection of the value of the company, as it recognises the tax that will be incurred and paid as positions are sold and both gains and losses are crystallised.

The Board believes that the following package of measures have helped to close this discount and will continue to do so over time.

1. Strong Investment Performance by the Investment Manager.
2. Enhanced engagement with shareholders, key advisory and wealth management groups, as well as the market generally.
3. Greater transparency of fund performance with daily publication of the NTA.
4. The start of regular and growing dividend payments.
5. An ongoing share buyback programme, whereby the company acquires shares when the discount to post-tax NTA is greater than 10%.



6. Strong Manager Alignment and Long Term Commitment – since the last AGM, Rafi and Mark continued their on market share purchases, acquiring approximately 4.9m shares. In addition, Rafi and Mark and persons associated with the Manager now hold approximately 14.3% of LSF after acquiring approximately 36.7m shares as part of their reinvestment of the after-tax amount of the LSF performance fees.
7. Strong Non-Executive Director alignment - the Independent non-executive directors own shares equivalent in value to over 10x their combined annual pre-tax salaries.

In conclusion, your Board would like to thank the Manager, under the calm and expert guidance of Rafi Lamm and Mark Landau, for their hard work and exceptional performance over the last 12 months, extending the strong performances achieved during 2019 and 2020.

I would also like to thank our shareholders for their continuing support of the Company which is very much appreciated.

ENDS

Authorised for release by Andrew Larke, Chairman.