

- The L1 Long Short Fund (LSF) portfolio returned 1.7%¹ in June (ASX200AI 1.8%).
- Over the past 3 years, the portfolio has returned 29.2%¹ p.a. (ASX200AI 11.1% p.a.).
- Global equity markets rose in June driven by improved investor sentiment as U.S. economic data surprised positively and as inflation showed further signs of moderation.

Global equity markets rose in June on increased optimism for a possible soft-landing in the U.S. Economic data surprised positively, with first quarter U.S. GDP growth revised upwards from 1.3% to 2.0% as consumer spending remained more resilient than expected. Inflation also showed further signs of moderation, with the Fed's preferred measure, the Core PCE Price Index, slowing to 3.8% in May, the lowest level in two years.

Mega-cap technology stocks continued their strong performance, maintaining the extremely narrow level of market leadership we have seen over the year to date.

Bond yields rose in Australia and the U.S. (Australian 10-year yield +42bps and U.S. 10-year yield +18bps). The RBA lifted interest rates by 25bps during the month, in a surprise move relative to consensus expectations. The Fed paused, however, signalling that a further 0.5% increase in U.S. interest rates is likely by the end of 2023.

The S&P/ASX 200 Accumulation Index returned 1.8%. Materials (+4.8%), Information Technology (+3.5%) and Financials (+3.1%) were the strongest sectors, while Health Care (-6.6%), Communications Services (-1.0%) and Property (0.0%) lagged.

Portfolio performance was positive over the month, driven by several supportive stock-specific updates.

We remain cautious on the outlook for the stock market given the looming impact of significant interest rate hikes, weakness in leading economic indicators, gradually increasing pressure on corporate earnings and lingering tail risk from geopolitical tensions.

We anticipate ongoing 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	1.7	1.8	(0.1)
3 months	0.1	1.0	(1.0)
6 months	2.1	4.5	(2.4)
1 year	13.5	14.8	(1.3)
2 years p.a.	11.6	3.6	+8.0
3 years p.a.	29.2	11.1	+18.0
4 years p.a.	20.3	6.1	+14.2
5 years p.a.	14.6	7.2	+7.4
LSF Since Inception p.a.	11.5	8.0	+3.4
Strategy Since Inception ² p.a.	20.0	7.2	+12.9

Figures may not sum exactly due to rounding.

Key contributors to portfolio performance in June included:

Capstone (Long +12%) shares rose on the back of strengthening copper prices and the continued strong execution of its growth projects. M&A activity and deal speculation in the sector also provided broad support, with Hudbay's acquisition of Copper Mountain and the rumoured approach by Barrick towards First Quantum. Capstone continues to have 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 integration of its Mantoverde (MVDP) and Santo Domingo assets remains on track, potentially establishing Capstone as 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.

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 | JUNE 2023

BlueScope (Long +11%) shares strengthened over the month, as U.S. steel spreads continued to hold above long-run averages, providing a tailwind for the company's second half earnings expectations. BlueScope remains committed to growing its U.S. operations across three key initiatives, namely, (i) the 850ktpa capacity expansion and 500ktpa debottlenecking project at the North Star facility in Ohio, (ii) the acquisition of the U.S.'s second largest metal coating/painting company Coil Coatings, and (iii) the establishment of BlueScope Recycling from its acquisition of the MetalX recycling business.

Despite the strong recent share price performance, we continue to believe the market significantly undervalues BlueScope's unique and strategic asset base.

Downer (Long +14%) shares increased in June as the company made progress in its transition towards a higher-quality urban services portfolio. The company completed the sale of its Australian Transport Projects business, a more volatile and less profitable division. 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.

Key detractors from portfolio performance in June included some short positions in high-multiple growth/technology stocks which rallied as 'Growth' stocks strongly outperformed 'Value' stocks.

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							2.15

Portfolio positions

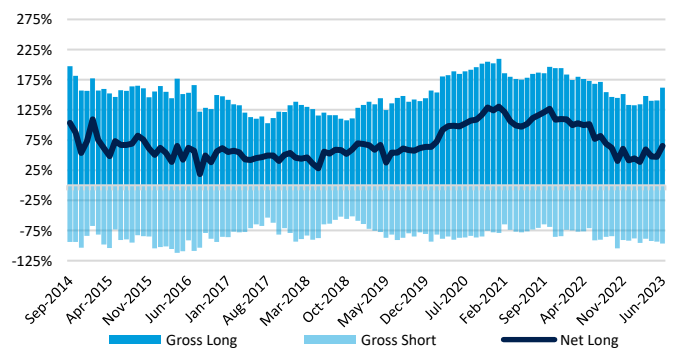
Number of total positions	81
Number of long positions	60
Number of short positions	21
Number of international positions	27

Net & gross exposure by region³ (%)

Geography	Gross long	Gross short	Net exposure
Australia/NZ	103	79	25
North America	42	17	25
Europe	13	-	13
Asia	2	-	2
Total	161	96	65

Figures may not sum exactly due to rounding.

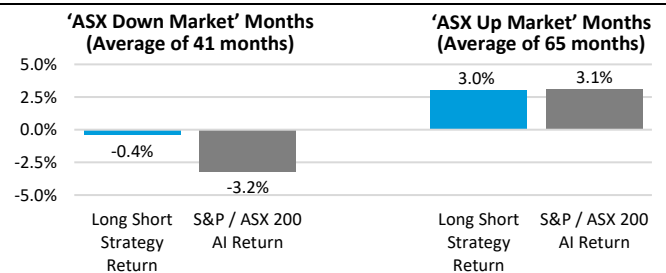
Historical Strategy exposures³



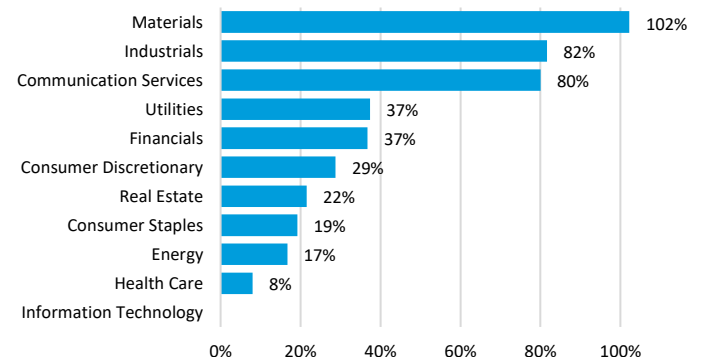
Company information as at 30 Jun 2023⁴

Share Price	\$2.81
NTA before tax	\$2.98
NTA after tax	\$2.92
Shares on issue	616,618,288
Company market cap	\$1.73b

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.



L1 CAPITAL

L1 Long Short Fund Limited

Monthly Report | JUNE 2023

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

Lisa Salamon | lsalamon@L1.com.au | +61 406 585 322

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
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

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.