



22 February 2024

The Manager  
Market Announcements Office  
ASX Limited  
Level 6, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### **RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2023**

L1 Long Short Fund Limited (ASX: LSF) hereby lodges:

- Appendix 4D for the half-year ended 31 December 2023; and
- Interim Report for the half-year ended 31 December 2023.

For any further enquiries please contact L1 Long Short Fund Limited on 03 9286 7000.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Licciardo', with a stylized flourish at the end.

Mark Licciardo  
Company Secretary

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# Appendix 4D

For the half-year ended 31 December 2023

## Half-year report

This report is for the half-year from 1 July 2023 to 31 December 2023 (HY FY24). The previous corresponding period was 1 July 2022 to 31 December 2022 (HY FY23).

## Results for announcement to the market

	HY FY24 \$'000	HY FY23 \$'000	Up/down	Movement %
Income from ordinary activities	168,574	286,546	Down	(41)
Income before income tax attributable to the ordinary equity holders	73,005	183,998	Down	(60)
Income after income tax attributable to the ordinary equity holders	55,698	131,111	Down	(58)

## Dividend information

	Cents per share	Franked amount per share	Tax rate for Franking
2024 Interim dividend declared	5.75c	5.75c	30%

## Interim dividend dates

Ex-dividend date	18 March 2024
Record date	19 March 2024
Last election date for the DRP	20 March 2024
Payment date	9 April 2024

## Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 20 March 2024.

## Net tangible assets

	31 December 2023 \$	31 December 2022 \$
Net tangible asset backing (per share) before tax	3.0408	2.9656
Net tangible asset backing (per share) after tax	2.9578	2.9224

\* 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.



# Appendix 4D

Continued

## Brief explanation of results

For the period from 1 July 2023 to 31 December 2023, the Company recorded a profit before tax of \$73 million (2022: \$184 million) and a net profit after tax of \$56 million (2022: \$131 million).

The net tangible asset backing per share before tax was \$3.04 as at 31 December 2023, an increase from \$2.97 as at 31 December 2022. The NTA after tax was \$2.96. The Company paid a fully franked final dividend of 5.5 cents per share in October 2023.

For calendar year 2023, the Investment Manager's bottom-up research enabled the Company to deliver solid, positive performance. This was against a backdrop of heightened volatility around changing interest rate expectations and external forces such as the U.S. regional banking crisis, weakness in China and commodity price volatility. Portfolio companies that performed well included James Hardie, Bluescope Steel and Flutter, along with key resources stocks, including NexGen Energy, Westgold Resources and Capstone. While returns were positive, they lagged broader market indices which were boosted by a significant valuation uplift in a narrow set of larger index constituents such as the ASX20 in Australia and the 'Magnificent Seven' in the U.S., as well as due to multiple expansion in higher P/E growth stocks where the Company does not tend to be invested or may have short positions.

Looking forward, the Investment Manager believes equity markets have been strongly supported by the growing expectations of interest rate cuts and a 'soft landing' during 2024, and that valuations have become stretched in the key segments discussed above, where stock prices outperformed last year. Against this backdrop, the Investment Manager continues to see numerous compelling opportunities in low P/E, highly cash generative, quality companies. Also, the Investment Manager expects M&A activity to increase significantly in 2024, which should be skewed to undervalued, under-gearred and strategic assets, to which the Company's portfolio is very well exposed.

## Further information

This report is based on the Interim Financial Report which has been subject to independent review by the Company's auditors, Ernst & Young. All these documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2023 Annual Financial Report.

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# Interim Financial Report

For the half-year ended 31 December 2023

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**L1 Long Short Fund Limited**

ABN 47 623 418 539

## Contents

<b>Corporate Directory</b>	<b>3</b>
<b>Directors' Report</b>	<b>4</b>
<b>Auditor's Independence Declaration</b>	<b>6</b>
<b>Interim Financial Statements</b>	
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
<b>Directors' Declaration</b>	<b>20</b>
<b>Independent Auditor's Review Report to the Members</b>	<b>21</b>

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This interim financial report does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by L1 Long Short Fund Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



# Corporate Directory

## Directors

Andrew Larke (Independent Chairman)  
John Macfarlane (Independent Director)  
Harry Kingsley (Independent Director)  
Raphael Lamm (Non Independent Director)  
Mark Landau (Non Independent Director)

## Company secretary

Mark Licciardo

## Registered office

Acclime Australia Corporate Services Pty Ltd  
Level 7, 330 Collins Street  
Melbourne VIC 3000  
Phone: (03) 8689 9997

## Investment manager

L1 Capital Pty Limited  
Level 45, 101 Collins Street  
Melbourne VIC 3000  
Phone: (03) 9286 7000

## Administrator

Apex Fund Services Pty Ltd  
(an Apex Group Company)  
Level 10, 12 Shelley Street  
Sydney NSW 2000  
Phone: (02) 8259 8508

## Share registrar

Link Market Services Limited  
Tower 4, 727 Collins Street  
Melbourne VIC 3008  
Phone: 1800 129 431

*For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.*

## Auditors

Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000  
Phone: (03) 9288 8000

## Securities exchange listing

Australian Securities Exchange (ASX)  
The home exchange is Melbourne.  
ASX code: LSF Ordinary shares

## Website

[www.L1LongShort.com](http://www.L1LongShort.com)



# Directors' Report

The Directors present their report together with the interim financial statements of L1 Long Short Fund Limited (the "Company") for the half-year ended 31 December 2023.

## Directors

The following persons held office as Directors during the half-year and up to the date of this report:

Andrew Larke	(Independent Chairman)
Raphael Lamm	(Non Independent Director)
Mark Landau	(Non Independent Director)
John Macfarlane	(Independent Director)
Harry Kingsley	(Independent Director)

## Principal activities

During the period, the principal activity of the Company was to invest (both long and short) in predominantly Australian securities with the remaining exposure to global securities. The Company's investment objective is to deliver positive absolute returns to investors while seeking to preserve capital over the long term.

There were no significant changes in the nature of the activity of the Company during the period.

## Dividends

On 25 August 2023, the Directors declared a fully franked final dividend of 5.50 cents per share with record date of 12 September 2023 and paid to the shareholders on 3 October 2023.

On 22 February 2024, the Directors declared a fully franked interim dividend of 5.75 cents per share with record date of 19 March 2024 and payable to the shareholders on 9 April 2024.

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 20 March 2024.

## Dividend profit reserve

The Company may transfer any current period or prior period accumulated profits not distributed as dividends to a dividend profit reserve. Doing so facilitates the payment of future dividends, rather than maintaining these profits within retained earnings.

On 1 February 2024, the Directors resolved to approve the transfer of any resulting net profit after tax for the half-year ended 31 December 2023 to the dividend profit reserve as at 31 December 2023. Accordingly, the transfer of \$55,698,000 was made to the reserve.

The balance of the dividend profit reserve as of 31 December 2023 is \$730,319,000.



# Director's Report

Continued

## Review of operations

The operating profit before tax was \$73,005,000 for the half-year ended 31 December 2023 (31 December 2022: \$183,998,000). The net result after tax was a profit of \$55,698,000 (31 December 2022: \$131,111,000).

The net tangible asset backing before tax as at 31 December 2023 was \$3.0408 per share (31 December 2022: \$2.9656).

The Company's performance exceeded its high watermark as of the performance calculation period ended 31 December 2023 giving the Investment Manager an entitlement to a performance fee. Please refer to Note 6 for further details.

The Company's on-market share buy-back program of up to 10% of its shares remains in place until 31 May 2024. No shares were bought back over the period 1 July 2023 to 31 December 2023 (31 December 2022: Nil). The Company retains the right to do so when market conditions and share prices are appropriate. Please refer to Note 8 for further details.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company that occurred during the half-year ended 31 December 2023.

## Matters subsequent to the end of the reporting period

Other than the dividends declared in the dividends section above, in the latest release to the ASX on 22 February 2024, the Company reported NTA at 19 February 2024 as follows:

	19 February 2024 (A) \$	31 December 2023 (B) \$
Net tangible asset backing (per share) before tax <sup>(c)</sup>	<b>\$3.0396</b>	3.0408
Net tangible asset backing (per share) after tax <sup>(c)</sup>	<b>\$2.9563</b>	2.9578

(A) The NTA announcement is approximate and not reviewed by Ernst & Young.

(B) NTA reviewed by Ernst & Young.

(C) The NTA before tax is calculated before the provision for the deferred tax on unrealised gains and losses on the investment portfolio. The NTA after tax is calculated after all taxes.

## Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191, the amounts in the Directors' Report and in the interim financial report have been rounded to the nearest thousand dollars, unless otherwise specified.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of Directors.

**Andrew Larke**  
Independent Chairman

Melbourne  
22 February 2024

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# Auditor's Independence Declaration



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Melbourne VIC 3000 Australia  
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## Auditor's Independence Declaration to the Directors of L1 Long Short Fund Limited

As lead auditor for the review of the interim financial report of L1 Long Short Fund Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- No contraventions of any applicable code of professional conduct in relation to the review; and
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young

Emma Reekie  
Partner  
Melbourne  
22 February 2024



# Statement of Comprehensive Income

For the half-year ended 31 December 2023

	Notes	Half-year ended	
		31 December 2023 \$'000	31 December 2022 \$'000
<b>Investment income</b>			
Net gains on financial instruments at fair value through profit or loss		90,653	251,005
Dividend income		37,478	31,551
Interest income from financial assets at amortised cost		19,284	5,840
Net foreign exchange gains/(losses)		20,770	(2,317)
Expense reimbursement from Investment Manager		389	442
Other income		-	25
<b>Total investment income</b>		<b>168,574</b>	<b>286,546</b>
<b>Expenses</b>			
Interest expense		(36,220)	(14,992)
Performance fees	6	(18,751)	(47,432)
Dividend expense		(16,950)	(12,280)
Management fees	6	(12,916)	(12,070)
Brokerage expense		(6,056)	(9,493)
Stock loan fees		(2,192)	(2,284)
Withholding tax on foreign dividends		(1,453)	(2,882)
Other expenses		(387)	(444)
Directors' fees		(198)	(190)
ASX fees		(159)	(149)
Administration fees		(111)	(131)
Share registry fees		(96)	(109)
Audit fees		(51)	(44)
Secretarial fees		(29)	(29)
Legal fees		-	(19)
<b>Total operating expenses</b>		<b>(95,569)</b>	<b>(102,548)</b>
<b>Profit for the half-year before income tax</b>		<b>73,005</b>	<b>183,998</b>
Income tax expense		(17,307)	(52,887)
<b>Profit for the half-year after tax</b>		<b>55,698</b>	<b>131,111</b>
<b>Other comprehensive income for the half-year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the half-year</b>		<b>55,698</b>	<b>131,111</b>
		<b>Cents</b>	<b>Cents</b>
<b>Profits per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share		9.01	21.41
Diluted earnings per share		9.01	21.41

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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# Statement of Financial Position

As at 31 December 2023

	Notes	As at	
		31 December 2023 \$'000	30 June 2023 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		666,150	969,816
Other receivables		14,416	21,850
Receivable from Investment Manager		79	61
Financial assets at fair value through profit or loss	3	3,297,969	2,795,665
Prepaid income tax		48,250	111,535
Other current assets		182	572
<b>Total current assets</b>		<b>4,027,046</b>	<b>3,899,499</b>
<b>Total assets</b>		<b>4,027,046</b>	<b>3,899,499</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Broker advances		1,221,708	945,120
Financial liabilities at fair value through profit or loss	3	883,198	976,134
Other payables		35,696	138,955
<b>Total current liabilities</b>		<b>2,140,602</b>	<b>2,060,209</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	7	52,031	34,724
<b>Total non-current liabilities</b>		<b>52,031</b>	<b>34,724</b>
<b>Total liabilities</b>		<b>2,192,633</b>	<b>2,094,933</b>
<b>Net assets</b>		<b>1,834,413</b>	<b>1,804,566</b>
<b>EQUITY</b>			
Issued capital	8	1,250,585	1,242,522
Dividend profit reserve	10	730,319	708,535
Accumulated losses		(146,491)	(146,491)
<b>Total equity</b>		<b>1,834,413</b>	<b>1,804,566</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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# Statement of Changes in Equity

For the half-year ended 31 December 2023

	Notes	Issued capital \$'000	Dividend profit reserve \$'000	Accumulated profits/(losses) \$'000	Total \$'000
<b>Balance as at 1 July 2022</b>		<b>1,228,460</b>	<b>603,457</b>	<b>(146,491)</b>	<b>1,685,426</b>
Profit for the half-year after tax		-	-	131,111	131,111
Other comprehensive income for the half-year, after tax		-	-	-	-
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>-</b>	<b>131,111</b>	<b>131,111</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividend reinvestment		6,605	-	-	6,605
Dividend declared		-	(27,502)	-	(27,502)
Transfer to dividend profit reserve account		-	131,111	(131,111)	-
<b>Balance as at 31 December 2022</b>		<b>1,235,065</b>	<b>707,066</b>	<b>(146,491)</b>	<b>1,795,640</b>
<b>Balance as at 1 July 2023</b>		<b>1,242,522</b>	<b>708,535</b>	<b>(146,491)</b>	<b>1,804,566</b>
Profit for the half-year after tax		-	-	55,698	55,698
Other comprehensive income for the half-year, after tax		-	-	-	-
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>-</b>	<b>55,698</b>	<b>55,698</b>
<b>Transactions with owners in their capacity as owners:</b>					
Dividend reinvestment	8	8,063	-	-	8,063
Dividend declared	10	-	(33,914)	-	(33,914)
Transfer to dividend profit reserve account	10	-	55,698	(55,698)	-
<b>Balance as at 31 December 2023</b>		<b>1,250,585</b>	<b>730,319</b>	<b>(146,491)</b>	<b>1,834,413</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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# Statement of Cash Flows

For the half-year ended 31 December 2023

	Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000
<b>Cash flows from operating activities</b>		
Purchase of financial instruments at fair value through profit or loss	(3,086,391)	(3,180,166)
Proceeds from sale of financial instruments at fair value through profit or loss	2,479,122	4,083,645
Dividends received	35,800	32,748
Interest income received from financial assets measured at amortised cost	19,225	5,045
Expense reimbursement received	371	465
Other income received	-	25
Brokerage expenses paid	(6,056)	(9,493)
Dividends paid on short positions	(18,519)	(13,903)
Stock loan fees paid	(2,237)	(2,561)
ASX fees paid	(159)	(149)
Net GST received/(paid)	70	(7)
Interest paid	(35,900)	(14,012)
Other expenses paid	(23,784)	(14,862)
Income tax received/(paid)	63,285	(108,409)
<b>Net cash (used in)/inflow from operating activities</b>	<b>(575,173)</b>	<b>778,366</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(25,851)	(20,897)
Broker advances received/(repaid)	276,588	(952,193)
<b>Net cash (used in)/inflow from operating activities</b>	<b>250,737</b>	<b>(973,090)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(324,436)</b>	<b>(194,724)</b>
Cash and cash equivalents at the beginning of the half-year	969,816	1,310,828
Effects of exchange rate changes on cash and cash equivalents	20,770	(2,317)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>666,150</b>	<b>1,113,787</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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# Notes to the Financial Statements

For the half-year ended 31 December 2023

## 1. General information

L1 Long Short Fund Limited (the "Company") is a listed public company domiciled in Australia. The Company's registered address is Acclime Australia Corporate Services Pty Ltd, Level 7, 330 Collins Street, Melbourne VIC 3000.

The Company's investment strategy is to invest in a portfolio of predominantly Australian securities with the remaining exposure to global securities (both long and short). The Company's investment objectives are to deliver positive absolute returns to investors while seeking to preserve capital over the long term.

The interim financial statements of the Company are for the period 1 July 2023 to 31 December 2023. The previous corresponding period was 1 July 2022 to 31 December 2022.

The interim financial statements were authorised for issue by the Board of Directors on 22 February 2024.

## 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below.

### (a) Basis of preparation

These interim financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The Company is a for-profit entity for the purpose of preparing the interim financial statements.

This interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by L1 Long Short Fund Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements for the year ended 30 June 2023.

### (i) New standards and interpretations adopted by the Company

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

### (ii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Company.

### (b) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the interim financial report have been rounded to the nearest thousand dollars, unless otherwise specified.



# Notes to the Financial Statements

Continued

## 3. Fair value measurements

The Company measures and recognises the following financial assets and liabilities at fair value on a recurring basis:

- Equity securities
- Derivatives
- Listed unit trusts

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

### (a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

### (i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities and futures) is based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Company is the last sale price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.



# Notes to the Financial Statements

Continued

## 3. Fair value measurements (continued)

### (a) Fair value hierarchy continued

#### (ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, including equity swaps, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of an option contract is determined by applying the Black Scholes option valuation model which includes inputs such as underlying share prices, their volatility over time, and liquidity discounts that may be used for measuring the fair value of these options and derivatives of a similar nature.

#### (iii) Recognised fair value measurements

The following tables present the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2023 and 30 June 2023.

At 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Swaps	–	332	–	332
Options	–	15	–	15
Australian listed equity securities	2,035,048	–	–	2,035,048
International listed equity securities	1,262,574	–	–	1,262,574
<b>Total financial assets at fair value through profit or loss</b>	<b>3,297,622</b>	<b>347</b>	<b>–</b>	<b>3,297,969</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Australian listed equity securities	673,033	–	–	673,033
International exchange traded funds	109,404	–	–	109,404
International listed equity securities	85,292	–	–	85,292
Australian share price index futures	15,469	–	–	15,469
<b>Total financial liabilities at fair value through profit or loss</b>	<b>883,198</b>	<b>–</b>	<b>–</b>	<b>883,198</b>

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# Notes to the Financial Statements

Continued

## 3. Fair value measurements (*continued*)

### (a) Fair value hierarchy *continued*

#### (iii) Recognised fair value measurements *continued*

At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>				
Swaps	-	-	-	-
Options	-	1,063	-	1,063
Australian listed equity securities	1,735,391	-	-	1,735,391
International listed equity securities	1,059,211	-	-	1,059,211
<b>Total financial assets at fair value through profit or loss</b>	<b>2,794,602</b>	<b>1,063</b>	<b>-</b>	<b>2,795,665</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Australian listed equity securities	625,541	-	-	625,541
International exchange traded funds	-	-	-	-
International listed equity securities	342,567	-	-	342,567
Australian share price index futures	8,026	-	-	8,026
<b>Total financial liabilities at fair value through profit or loss</b>	<b>976,134</b>	<b>-</b>	<b>-</b>	<b>976,134</b>

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy for the half-year.

#### (iv) Disclosed fair values

For all financial instruments other than those measured at fair value, their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are reasonable approximations of their fair values due to their short-term nature.

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# Notes to the Financial Statements

Continued

## 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### (a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### (i) Income taxes

The Company has recognised deferred tax liabilities from unrealised gains on investments of \$96,338,000 at 31 December 2023 (30 June 2023: \$55,168,000) and deferred tax assets relating to current year tax losses and other temporary differences of \$44,307,000 at 31 December 2023 (30 June 2023: \$20,444,000). Refer to Note 7 for further discussion of accounting for deferred taxes.

## 5. Segment information

The Company has only one reportable segment. The Company operates in one industry being the securities industry, deriving revenue from dividend and trust distribution income, interest income and from the sale of its trading portfolio.

## 6. Management and performance fees

Management fees (inclusive of the net impact of GST and RITC) during the period ended 31 December 2023 amounted to \$12,916,000 (31 December 2022: \$12,070,000) of which \$2,088,000 (31 December 2022: \$2,145,000) remained payable as at period end.

In addition, L1 Capital Pty Limited is entitled to be paid by the Company a fee equal to 20.00% (plus GST) (20.50% inclusive of the net impact of GST and Reduced Input Tax Credit (RITC)) of the Portfolio's outperformance, if any, over each performance calculation period, subject to a high watermark mechanism.

Performance fees (inclusive of the net impact of GST and RITC) incurred during the period ended 31 December 2023 amounted to \$18,751,000 (31 December 2022: \$47,432,000) of which \$18,825,000 (31 December 2022: \$47,446,000) remained payable as at period end.

A summary of the key terms of the Company's performance fee calculation and reinvestment arrangements is contained in Section 9.1 of the Company's Prospectus which was issued on 16 February 2018.



# Notes to the Financial Statements

Continued

## 7. Deferred taxes

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
<b>Deferred tax assets</b>		
Current year tax losses carried forward	39,755	18,317
Net unrealised losses on investments	4,537	2,089
Other temporary differences	15	38
<b>Deferred tax assets</b>	<b>44,307</b>	<b>20,444</b>
<b>Deferred tax liabilities</b>		
Net unrealised gains on investments	95,732	54,916
Other temporary differences	606	252
<b>Deferred tax liabilities</b>	<b>96,338</b>	<b>55,168</b>
<b>Deferred tax liabilities, net</b>	<b>(52,031)</b>	<b>(34,724)</b>
<b>Movements:</b>		
<b>Deferred tax assets</b>		
Opening balance	20,444	34,277
Credited/(Debited):		
Directly to profit or loss	23,863	(13,833)
<b>Closing balance, Deferred tax assets</b>	<b>44,307</b>	<b>20,444</b>
<b>Deferred tax liabilities</b>		
Opening balance	55,168	5,366
Credited/(Debited):		
Directly to profit or loss	41,170	49,802
<b>Closing balance, Deferred tax liabilities</b>	<b>96,338</b>	<b>55,168</b>
<b>Closing balance, Deferred tax liabilities, net</b>	<b>(52,031)</b>	<b>(34,724)</b>

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# Notes to the Financial Statements

Continued

## 8. Issued capital

### (a) Share capital

	31 December 2023 Shares '000	30 June 2023 Shares '000	31 December 2023 \$'000	30 June 2023 \$'000
Ordinary shares	<b>619,458</b>	616,618	<b>1,275,926</b>	1,267,862

### (b) Movements in issued capital

	Number of Shares '000	\$'000
Opening balance – 30 June 2023	616,618	1,242,522
Dividend reinvestment	2,840	8,063
<b>Closing balance – 31 December 2023</b>	<b>619,458</b>	<b>1,250,585</b>

	Number of Shares '000	\$'000
Opening balance – 30 June 2022	611,162	1,228,460
Dividend reinvestment	5,456	14,062
<b>Closing balance – 30 June 2023</b>	<b>616,618</b>	<b>1,242,522</b>

### (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### (d) Shares issued

The Company's on-market share buy-back program of up to 10% of its shares remains in place until 31 May 2024. No shares were bought back over the period 1 July 2023 to 31 December 2023 (31 December 2022: Nil). The Company retains the right to do so when market conditions and share prices are appropriate.

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# Notes to the Financial Statements

Continued

## 9. Dividends

### (a) Dividend rate

On 25 August 2023, the Directors declared a fully franked final dividend of 5.50 cents per share with record date of 12 September 2023 and paid to the shareholders on 3 October 2023.

On 22 February 2024, the Directors declared a fully franked interim dividend of 5.75 cents per share with record date of 19 March 2024 and payable to the shareholders on 9 April 2024.

### (b) Dividend franking account

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
<b>The amount of franking credits for subsequent reporting periods are:</b>		
• Franking account balance as at the end of the reporting period at tax rate of 30% (30 June 2023: 30%)	231,803	302,436
• Franking credits that will arise from the refund of prepaid income tax as at the end of the reporting period	(48,250)	(111,535)
	<b>183,553</b>	<b>190,901</b>
<b>The amount of franking credits available for future reporting periods:</b>		
• Impact on the franking credit account of the dividend declared but not recognised as a liability at the end of the reporting period at tax rate of 30% (30 June 2023: 30%)	(15,265)	(14,535)
	<b>168,288</b>	<b>176,366</b>

The Company's ability to pay franked dividends is dependent upon receipt of franked dividends from investments and the Company paying tax.

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# Notes to the Financial Statements

Continued

## 10. Dividend profit reserve

The dividend profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividends payments. The allocation is determined at the end of each half-year where the Company reported a profit subject to the approval of the Directors.

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
<b>Movement in Dividend Profit Reserve</b>		
Balance at the beginning of the period	708,535	603,457
Transferred from current period profits	55,698	163,272
Payment of prior period dividend	(33,914)	(58,194)
<b>Closing balance at the end of the period</b>	<b>730,319</b>	<b>708,535</b>

On 1 February 2024, the Directors resolved to approve the transfer of any resulting net profit after tax for the half-year ended 31 December 2023 to the dividend profit reserve as at 31 December 2023. Accordingly, the transfer of \$55,698,000 was made to the reserve.

## 11. Contingent assets and liabilities and commitments

The Company had no contingent assets, liabilities or commitments as at 31 December 2023 (30 June 2023: Nil).

## 12. Events occurring after the reporting period

On 22 February 2024, the Directors declared a fully franked interim dividend of 5.75 cents per share with record date of 19 March 2024 and payable to the shareholders on 9 April 2024.

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 20 March 2024.

There are no other matter or circumstances that have occurred since the end of the half-year that has significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

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# Directors' Declaration

For the half-year ended 31 December 2023

In the opinion of the Directors of L1 Long Short Fund Limited:

- (a) the interim financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

**Andrew Larke**  
Independent Chairman

Melbourne  
22 February 2024

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# Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

For the half-year ended 31 December 2023



Building a better  
working world

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## Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

### Report on the Interim Financial Report

#### Conclusion

We have reviewed the accompanying interim financial report of L1 Long Short Fund Limited (the Company), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the interim financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Directors' responsibilities for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.





# Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

Continued



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A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Emma Reekie  
Partner  
Melbourne  
22 February 2024

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