



# L1 Long Short Fund Limited (ASX:LSF)

13 June 2025

An aerial view of a city skyline at dusk, featuring numerous skyscrapers and a prominent church with spires. The image is overlaid with a dark blue gradient, and a white square containing the number '1' is positioned on the left side.

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# Business Update

# Potential merger of L1 Capital and Platinum Asset Management

**We are currently undergoing mutual due diligence and there is no certainty that a deal will complete**

**In the event that it does complete, the Managing Directors of L1 Capital:**

- Will not be involved in managing any Platinum Funds
- Will not be involved in managing the integration process, which will be led and managed by L1 Capital's Chief Operating Officer Joel Arber
- Intend to step down as Managing Directors and do not plan to sit on the listed company board.

**To be clear, there will also be no changes to the LSF portfolio management or investment team.**





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~17% p.a. s

# Portfolio performance

# Best performing Australian long short strategy since inception

19% p.a. over past 5 years and ~18% p.a. since inception despite a major factor headwind

Period	January	February	March	April	May	June	July	August	September	October	November	December	Year
<b>2014</b>	–	–	–	–	–	–	–	–	(2.4)	3.0	2.8	1.6	<b>5.1</b>
<b>2015</b>	0.6	9.1	2.4	1.7	3.7	(0.9)	3.3	2.1	5.5	8.5	8.1	4.6	<b>60.5</b>
<b>2016</b>	5.8	0.6	5.5	2.5	2.8	(0.9)	3.2	3.9	0.5	(0.1)	0.6	2.2	<b>29.6</b>
<b>2017</b>	2.5	1.9	3.2	1.0	4.2	1.7	2.6	1.7	1.9	2.5	0.9	3.6	<b>31.4</b>
<b>2018</b>	0.6	(0.5)	(1.6)	(1.3) <sup>2</sup>	(4.1)	(6.0)	1.0	(5.3)	(2.1)	(3.9)	(2.6)	(6.0)	<b>(27.7)</b>
<b>2019</b>	4.3	5.1	0.2	3.1	(2.7)	3.9	0.6	0.4	2.5	3.5	0.4	2.1	<b>25.5</b>
<b>2020</b>	(7.8)	(6.8)	(22.9)	23.2	10.9	(2.1)	(1.7)	10.0	0.6	(2.4)	31.9	4.3	<b>29.5</b>
<b>2021</b>	(0.2)	9.0	(0.1)	5.1	4.1	(0.5)	1.8	5.1	4.9	2.3	(7.4)	3.7	<b>30.3</b>
<b>2022</b>	2.8	6.9	1.3	3.4	0.1	(13.5)	(3.3)	5.4	(7.6)	5.2	7.5	4.4	<b>10.7</b>
<b>2023</b>	3.6	(2.0)	0.5	1.6	(3.2)	1.7	5.2	(4.9)	0.9	(3.1)	2.4	3.7	<b>6.2</b>
<b>2024</b>	0.3	(1.0)	8.1	3.3	2.6	(5.0)	1.5	(3.3)	4.3	(1.4)	(2.9)	(3.8)	<b>2.0</b>
<b>2025</b>	0.2	(0.9)	2.0	(0.7)	6.9								<b>7.4</b>

Source: Apex Fund Services, Bloomberg and L1 Capital as at 31 May 2025. Figures may not sum exactly due to rounding. **Past performance should not be taken as an indicator of future performance.** L1 LSF ranking amongst funds in Zenith Australian Shares – Long Short sector using FE Analytics data as at 30 April 2025. LSF Strategy Since Inception returns are for the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). 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.

# Very strong capital protection in down markets

## L1 Capital Long Short Fund



Source: L1 Capital as at 31 May 2025. All performance numbers are quoted net of fees. Past performance should not be taken as an indicator of future performance. Based on returns achieved by the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014).

An aerial view of a city skyline at dusk, featuring numerous skyscrapers and a prominent church with a large dome and spires. The sky is a mix of blue and orange hues. A dark blue gradient overlay covers the bottom half of the image, where the text is located.

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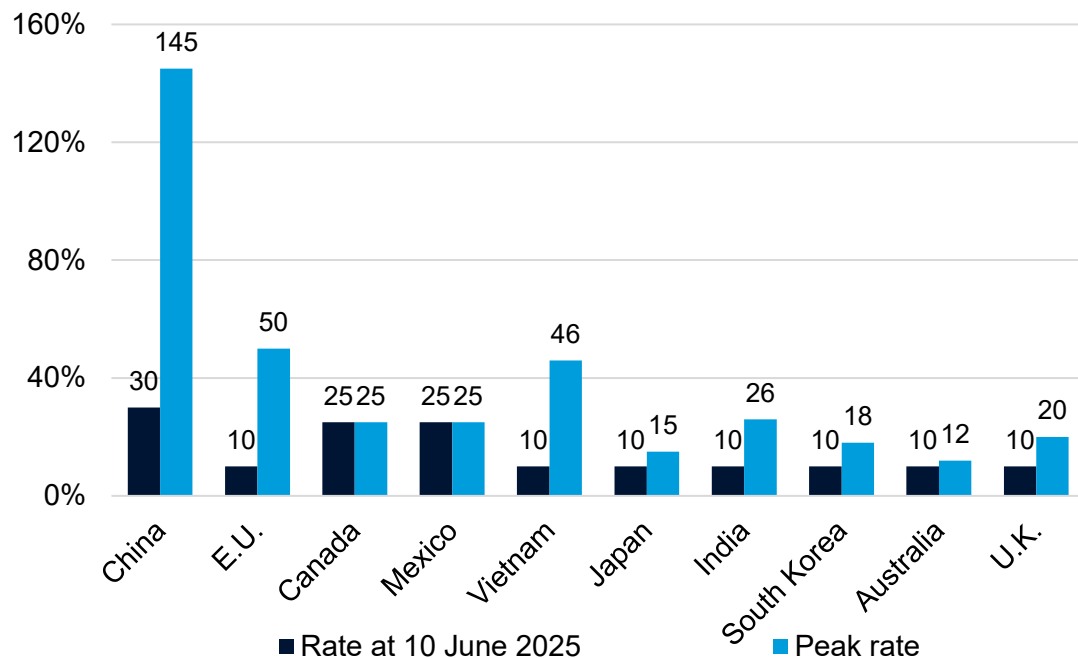
# Market observations



# Market observations

## Strong rebound in global markets following April's tariff turbulence

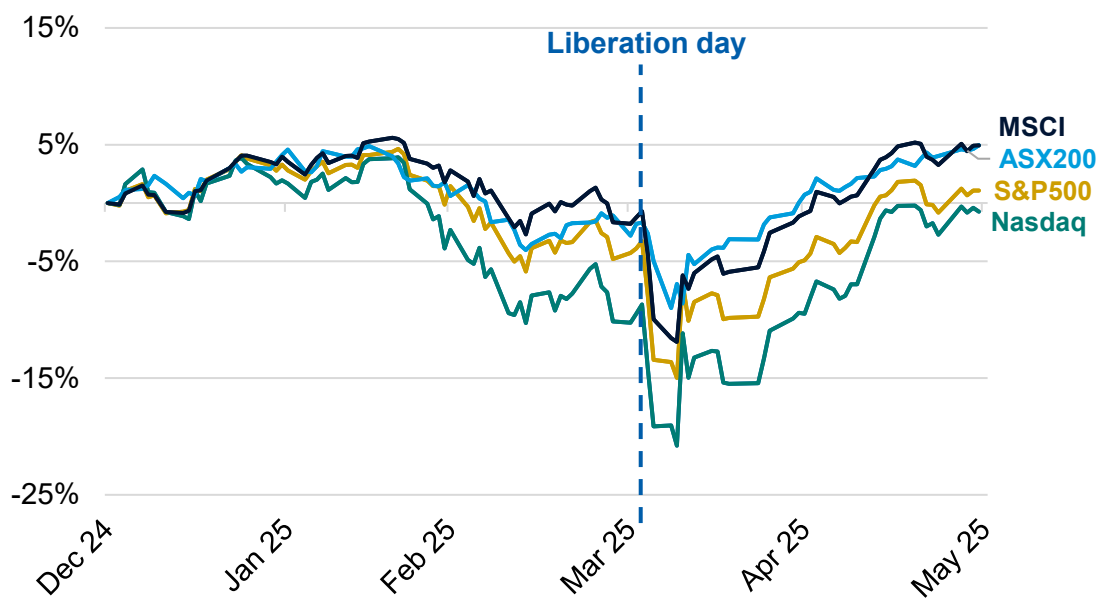
Change in U.S. imposed tariff rates (by country)



- Significant moderation in scope and potential economic impact since “Liberation Day”
- Trump now claiming a potential deal with 55% tariffs on China

Sources: LH chart – White House releases. RH chart – Bloomberg.

Performance of major markets, 2025 CYTD (%)



- Steep correction in early April (US markets down ~13% in 4 trading days)
- Strong recovery post tariff moderation – markets back near 52-week highs

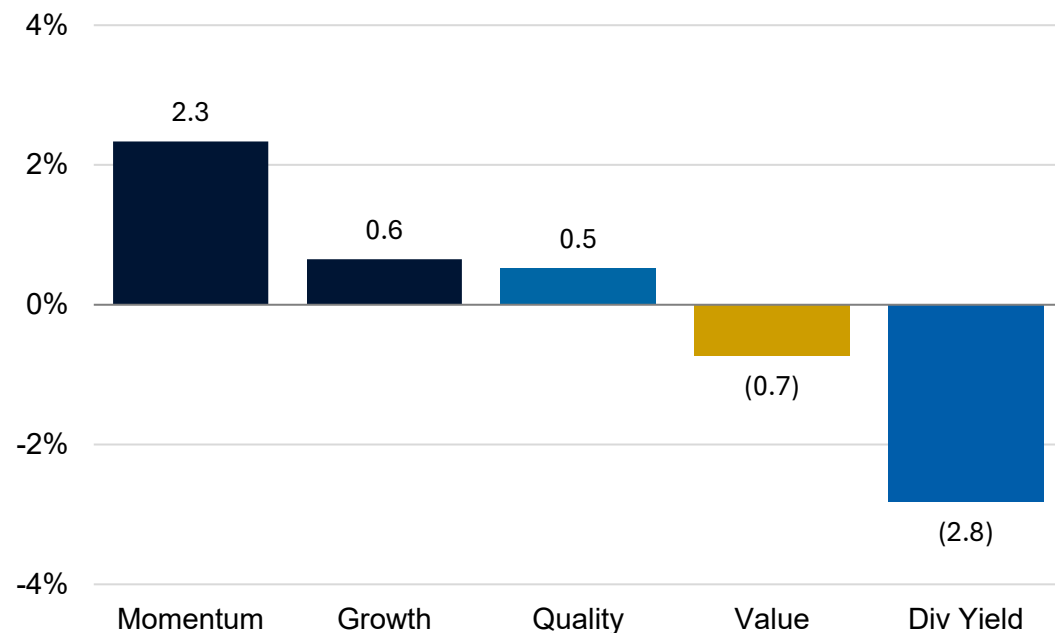




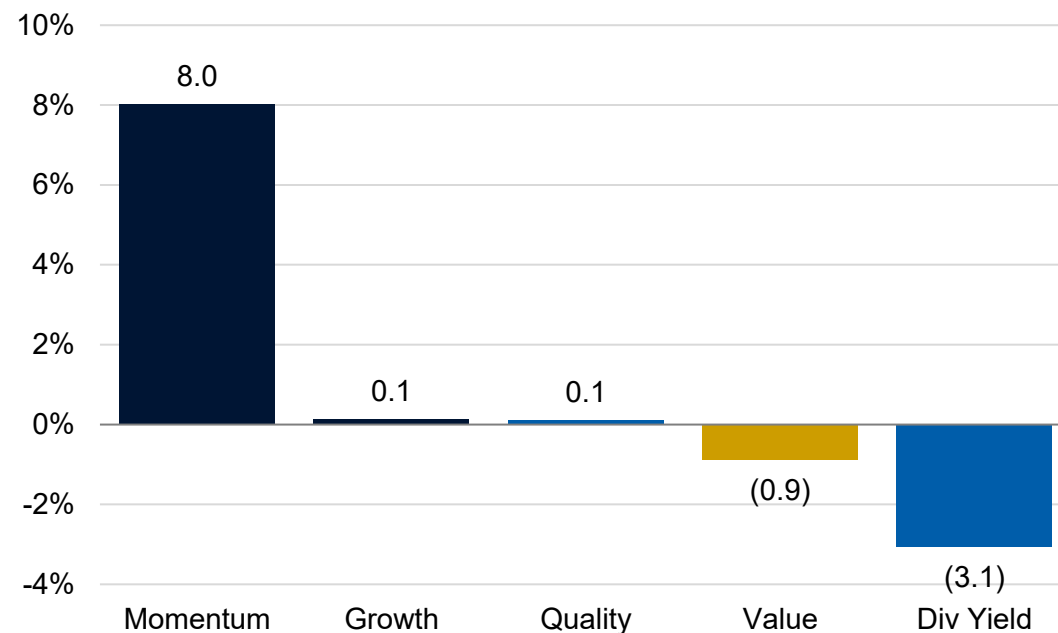
# Market observations

## Growth and momentum factors continue to lead markets higher

Australia – Relative factors returns, 2025 CYTD (%)



United States – Relative factors returns, 2025 CYTD (%)



- Similar to 2024, momentum and growth have continued to significantly outperform value
- Dividend yield the worse performing factor as long-term bond yields have risen and rate-cuts pushed out

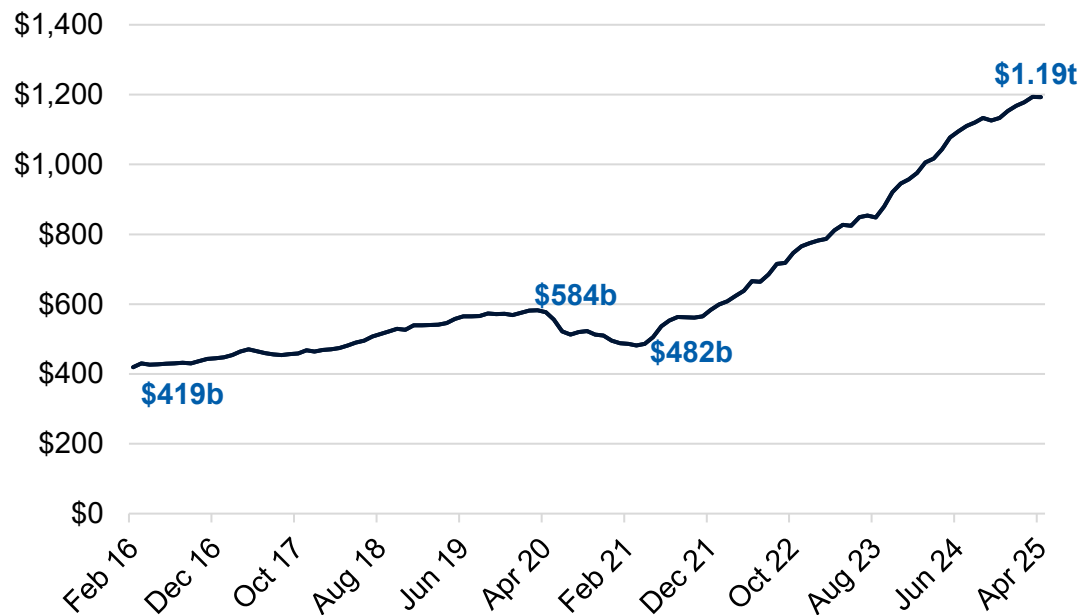
Sources: Both charts – MSCI, Factset, Macquarie Research as at June 2025.



# Market observations

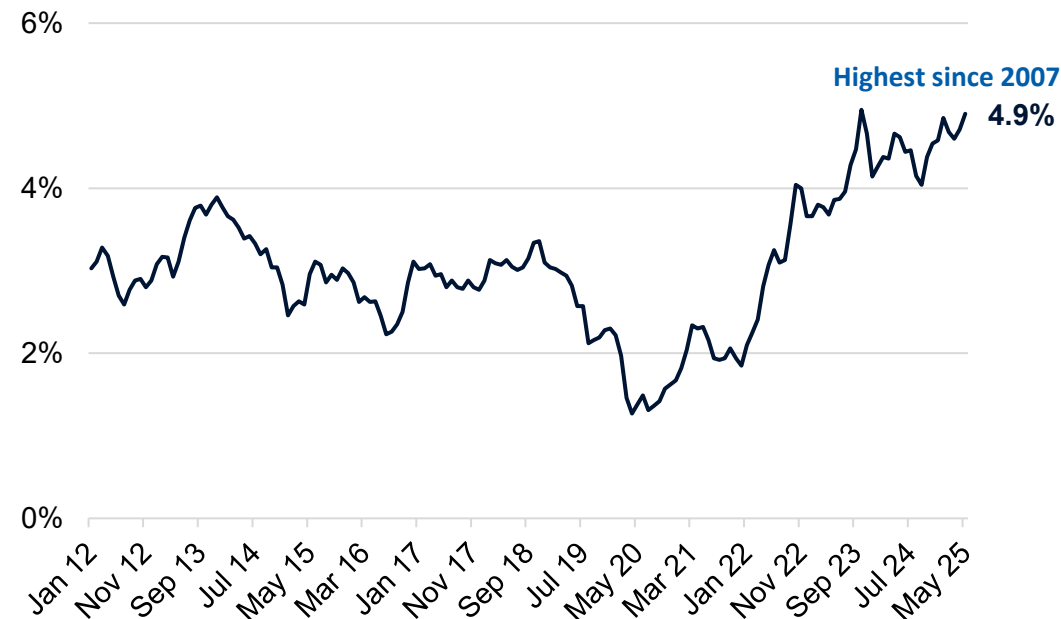
## Rising bond yields are flashing red, threatening U.S. debt sustainability

Interest expense on U.S. public debt (\$b)



- Interest costs now second largest payment after Social Security
- “One Big Beautiful Bill Act” adds further risk

U.S. 30-year treasury yields (%)



- Credit rating downgrades, debt concerns and trade policy uncertainty pushing long-term yields higher
- Over 30% of total U.S. public debt requires refinance in 2025

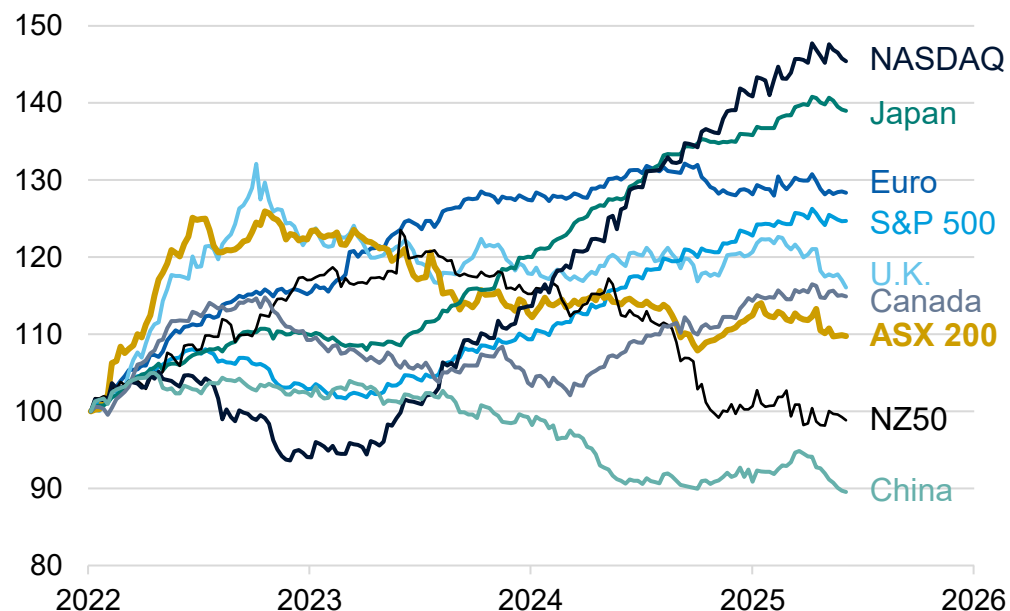
Source: LH chart – U.S. Treasury, Charlie Bilello. RH chart – FRED as at 31 May 2025.



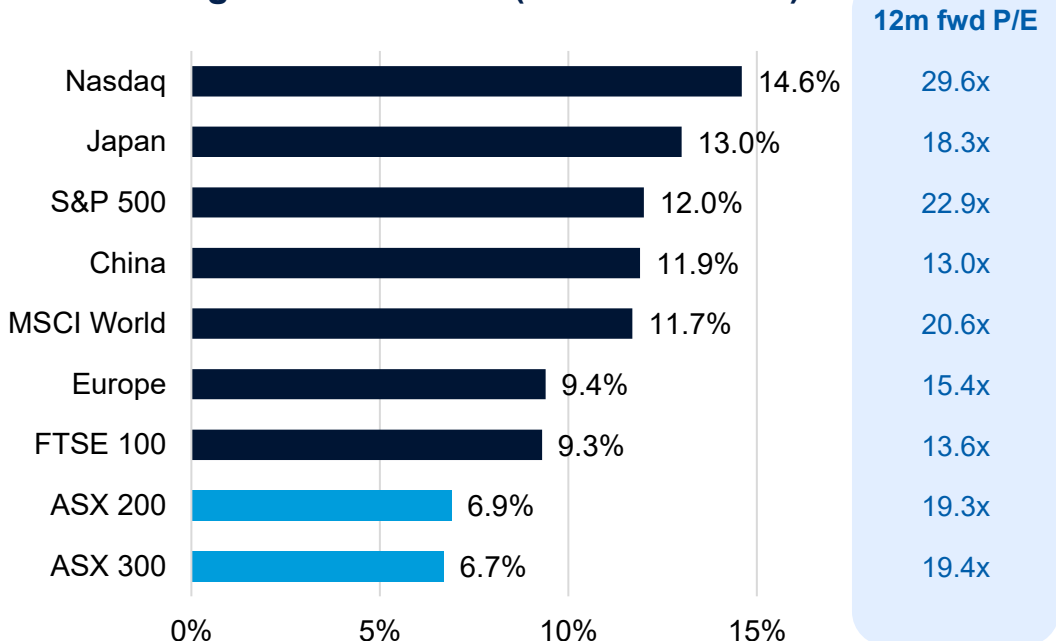
# Market observations

## Earnings growth is slowing given economic uncertainty

12-month forward EPS (Local currency)



CY26 EPS growth forecasts (consensus est.)



12m fwd P/E

29.6x  
18.3x  
22.9x  
13.0x  
20.6x  
15.4x  
13.6x  
19.3x  
19.4x

- Earnings momentum weakening across all major markets
- Consumer confidence under pressure
- Earnings growth in Australia looks modest combined with elevated earnings multiples

Sources: LH chart – MST Marquee, EPS growth rebased to 100 from CY22, Thomson Reuters. RH chart – JP Morgan Research, Bloomberg Finance (consensus).





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# Portfolio positioning & key themes



# Portfolio positioning

**Solid portfolio performance despite continued factor headwinds and macro volatility**

## 2025 CYTD performance drivers

- Gold
- U.K. Financials
- Industrials
- Infrastructure
- Travel

## Key long book contributors

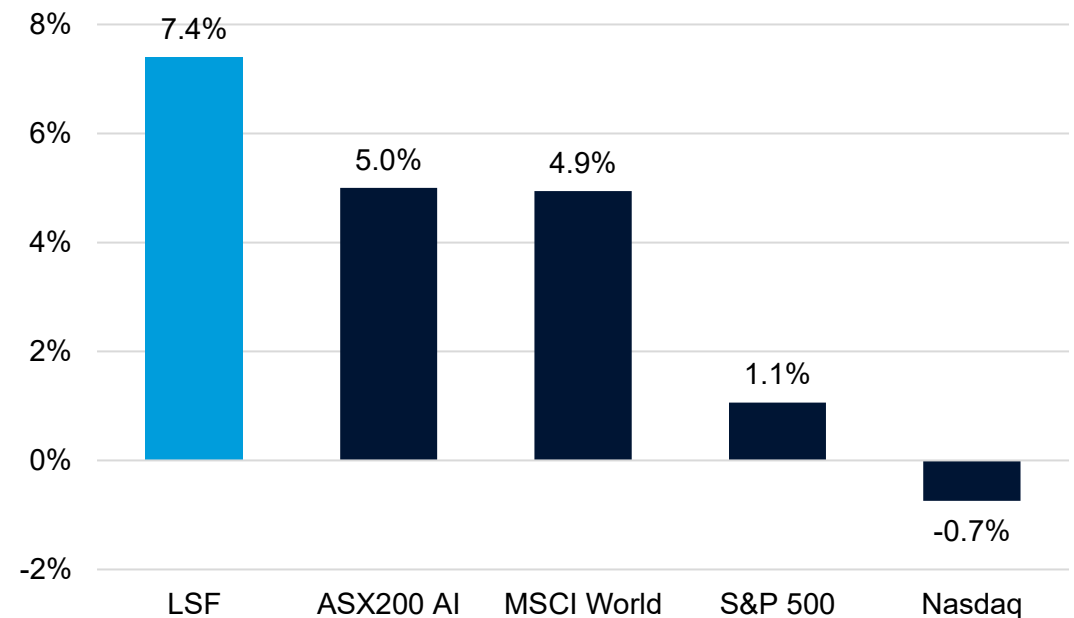
**K92**



**IMDEX™**



## LSF CYTD 2025 returns vs. major indices



Source: Bloomberg and L1 Capital as at 31 May 2025. All performance numbers are quoted net of fees. See important information at the end of this pack regarding MSCI indices. **Past performance should not be taken as an indicator of future performance.** LSF (ASX:LSF) returns are calculated based on the movement of the underlying investment portfolio net of all applicable fees and charges.



# Portfolio positioning

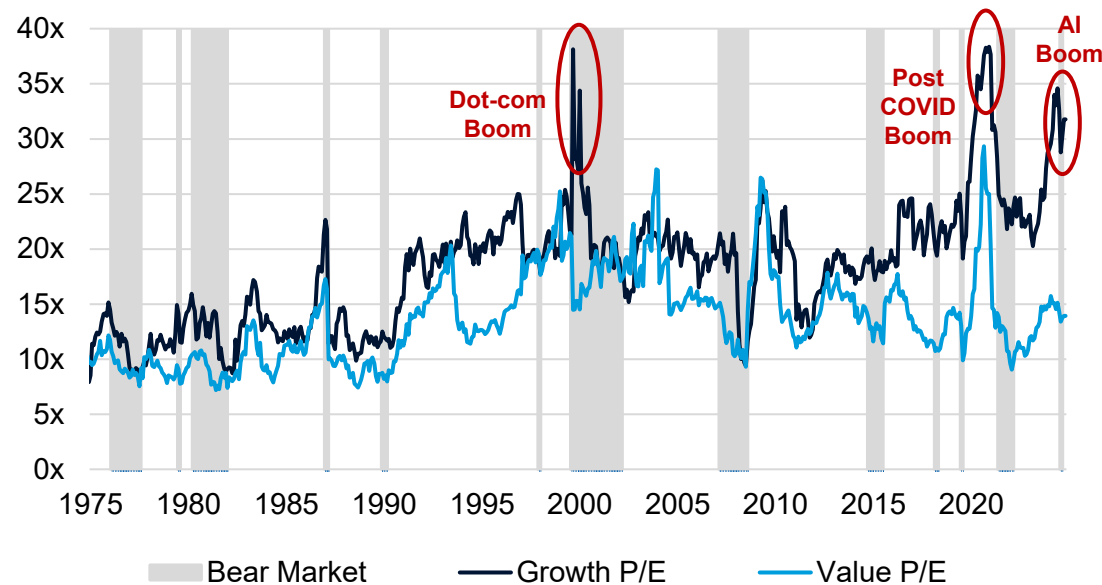
Focused on quality, lower P/E stocks with strong cash flow and earnings growth

Portfolio metrics (Median FY26)

	Longs	Shorts
Earnings Yield	9.4%	5.0%
EPS Growth YoY	18.7%	9.4%
Very compelling metrics vs. market		

- Median long nearly double the earnings yield and double the earnings growth

MSCI Australia – Value and Growth P/E



- Growth stock valuations have only been this high on two other occasions in the last **50 years**
- On both prior occasions we saw enormous outperformance of low P/E stocks over high P/E stocks in the next 1-2 years

Sources: LH chart – L1 Capital. Portfolio metrics based on median stock position, estimates per Bloomberg as at 31 May 2025. RH chart – Factset, Macquarie Research as at 31 May 2025.



# Portfolio themes: Summary

We are invested in five key themes that we believe offer compelling, asymmetric risk-reward

## Infrastructure

- Regulated assets with significant barriers to entry
- Long-term demand growth driving strong cash generation and growing distribution yields



CHORUS

## Mining

- Gold equities approaching material cash flow inflection
- Copper has a strong underlying outlook with select equities recently de-rating



HUDBAY

## Construction materials

- Exposure to resilient infrastructure spend and repair and remodel demand
- Upside potential with recovery in residential demand



## U.K. Quality Value

- Dominant, high-quality companies with major barriers to entry
- Strong earnings growth and pristine balance sheets

Flutter



## Energy

- O&G exposure over-sold on near-term supply/demand volatility
- Uranium demand driven by need for zero-emission, reliable base-load energy

Santos

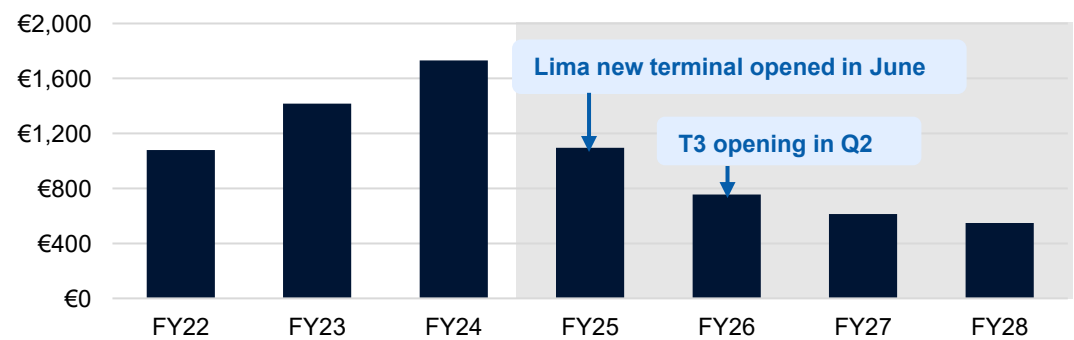


# Theme: Infrastructure



- Regulated airport infrastructure asset
- Inflection as key projects complete in 2025: Frankfurt T3, Lima and Antalya
- International concessions performing well
- Dividends to increase strongly in the coming years as capex declines

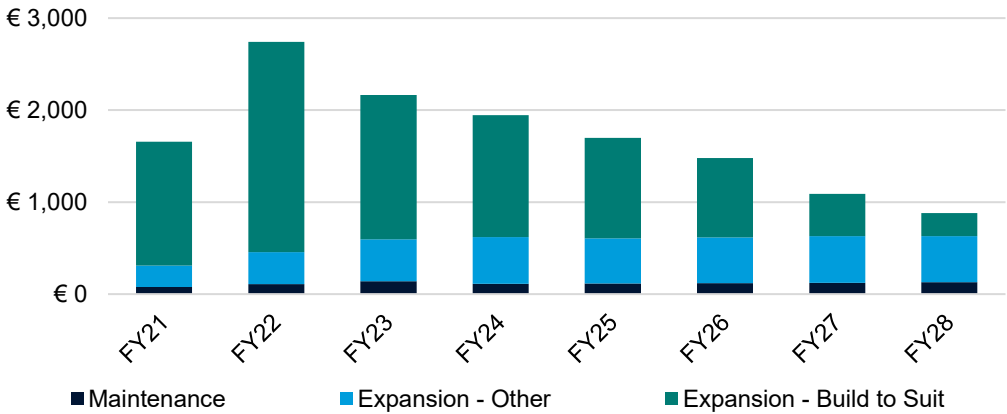
Fraport capital expenditure (€ m)



- Leading E.U./U.K. cell tower operator
- High quality, long-life infrastructure with predictable forward cashflows
- Leverage reduced by earnings growth, strong cash flow generation & asset sales
- Return to dividends in the next 12 months

Cellnex capital demand declining

Cellnex capex (€ m)



Source: LH chart – Company sources and Visible Alpha as at June 2025. RH chart – Visible Alpha consensus



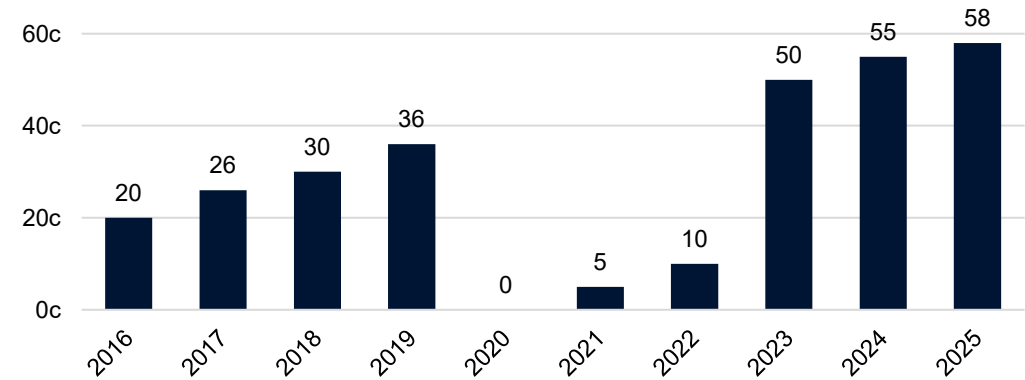
# Theme: Infrastructure



- Eurotunnel operator (U.K.-France rail link)
- Improving competitive dynamic vs. ferries to drive yield and market share gains
- Positive operating leverage to long-term structural growth in rail traffic as new operators take on Eurostar’s monopoly

## Operating leverage drives dividend growth

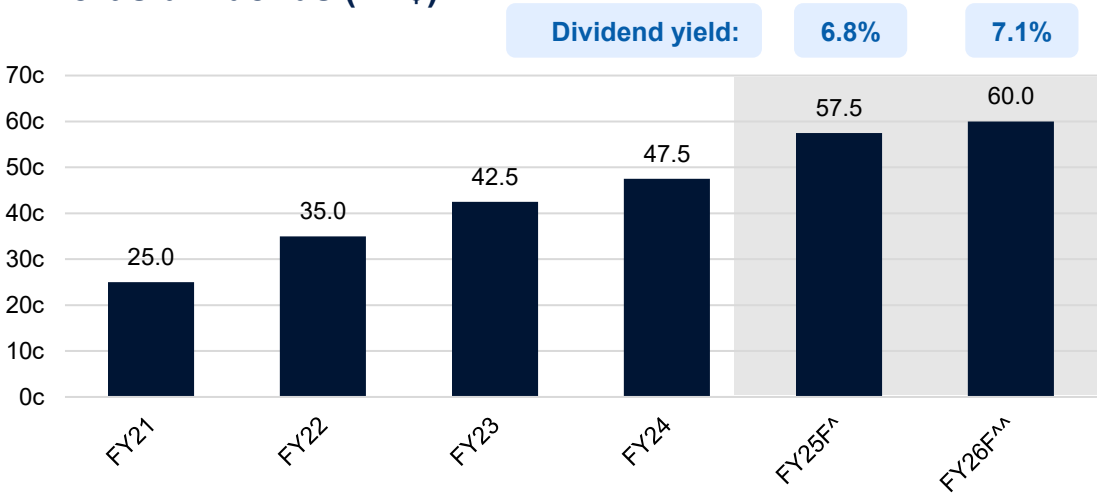
Getlink dividend (€ cents p/s)



## CHORUS

- High-speed fibre broadband infrastructure owner in N.Z.
- One of very few regulated digital infrastructure assets remaining in public ownership
- Shifting from “network builder” to “network operator”, which is an inflection point for cash generation and s/h remuneration
- 6.8% dividend yield and growing

## Chorus dividends (NZ\$)



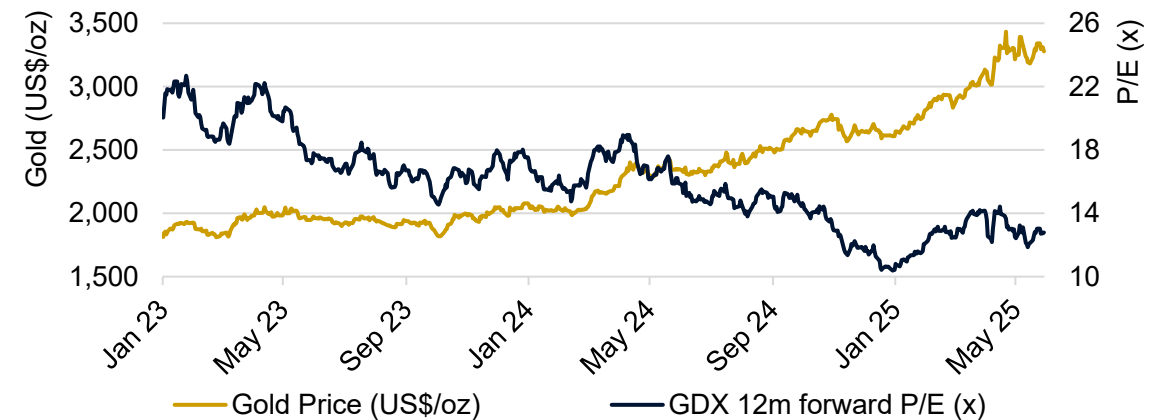
Source: LH chart – Company reports, 2025 dividend is as per company guidance. RH chart – Company reports, <sup>^</sup> Company guidance, <sup>^^</sup>L1 Capital estimate



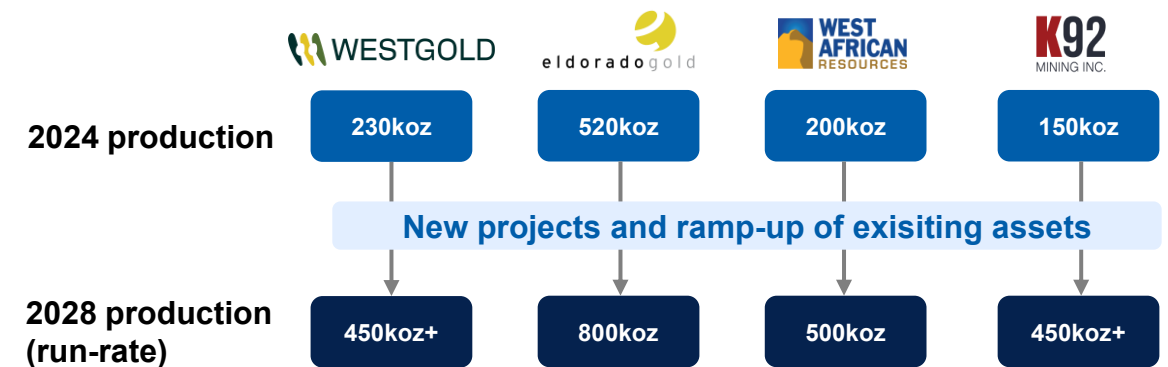
# Theme: Mining – Gold companies

- Gold has rallied from ~US\$2,000/oz (early 2024) to c.US\$3,400/oz currently
  - Significant increase in central bank buying since start of Russia/Ukraine war, accelerated by recent trade conflicts
  - Resilient and uncorrelated asset class during heightened equity market volatility
  - Retail demand from Asian markets has been strong
- **The gold price increase is likely to be enduring but is not yet adequately reflected in equity prices, particularly mid-cap**
  - Opportunities to purchase equities at c.0.5x spot NAV
  - 50%+ share price upside over 3 years in select names
  - Significant profit and cashflow inflection to be evident in coming quarters

Gold price and gold equities valuation



Select transformational stories in mid-cap gold equities



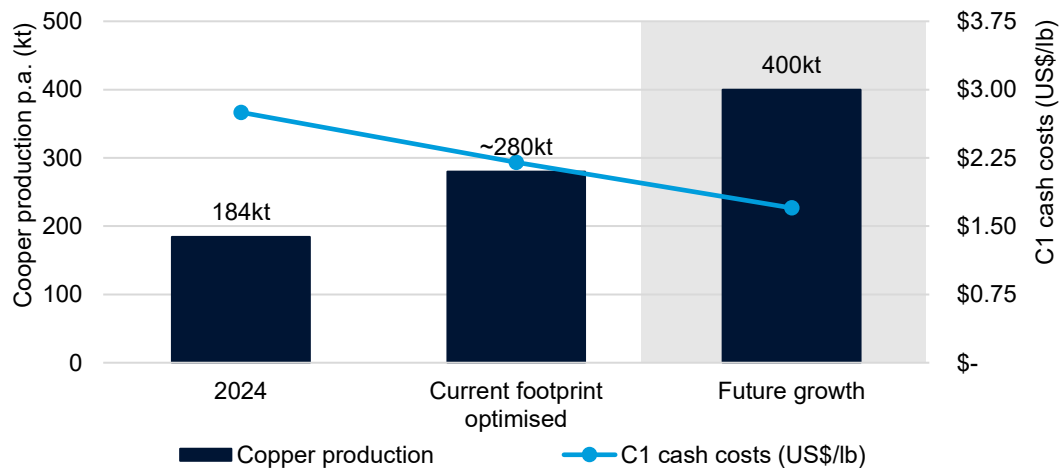
Source: Top chart – Factset as at 30 May 2025. Bottom chart – Company filings and L1 analysis.

# Theme: Mining – Copper



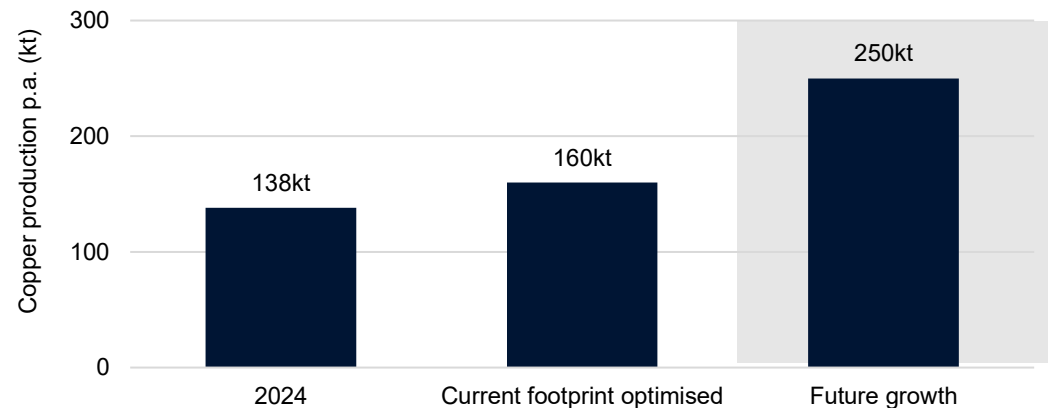
- Targeting Santo Domingo minority partner and FID in calendar year 2026
- Pathway to more than double copper production and materially improve unit costs
- ~4x CY27 EBITDA (excludes growth assets not producing)

Copper production growth (kt)



- Strong cashflow growth from existing Canadian gold assets
- Copper World project in Arizona to increase copper production by +50%
- Material exploration upside in Peru
- ~4x CY27 EBITDA (excludes growth assets not producing)

Copper production growth (kt)



Source: LH chart – Capstone company filings. RH chart – Hudbay company filings.

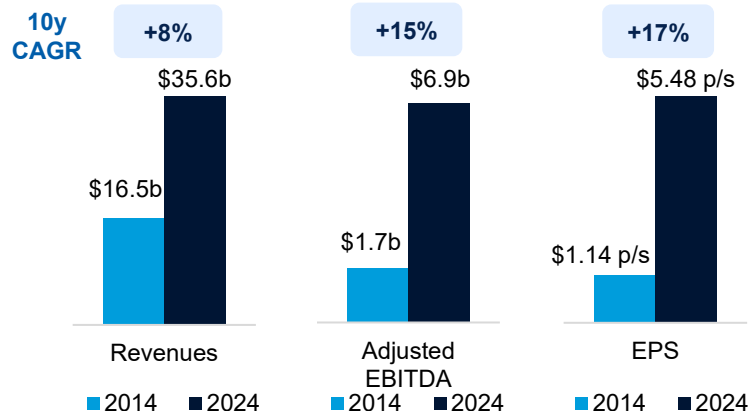


# Theme: Construction materials



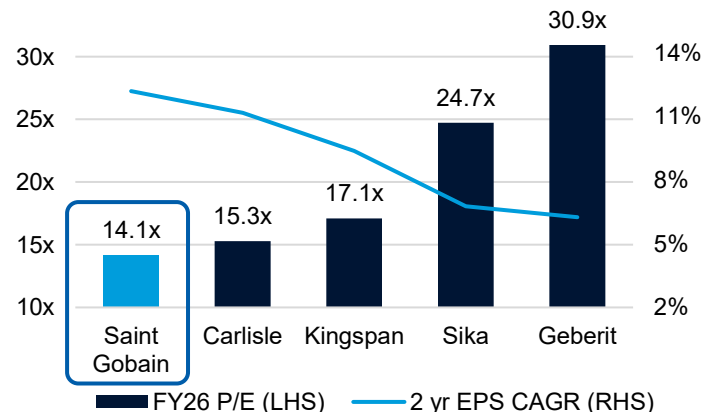
- Largest building products company in North America (aggregates, cement, concrete, asphalt, paving)
- Significant beneficiary of U.S. infra spend – IIJA + IRA + Chips Act = +~\$US2 trillion
- ~15x forward P/E (~40% discount to key peers) despite stronger historic and forecast growth

## Consistent delivery through the cycle



- Leader in light and sustainable solutions (insulation, roofing, plasterboard, etc.)
- Business transformed over last 5 years (2/3rds of income in high growth regions, 1/3 Western Europe, EPS doubled)
- ~14.0x FY26 P/E, ~12% p.a. EPS growth (FY24-FY26) with M&A upside

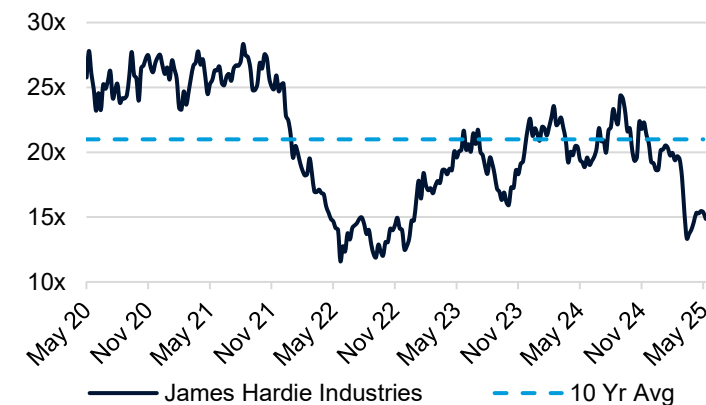
## Peer multiples vs. EPS growth



**James Hardie**

- Leading siding (fibre-cement) and building products solutions provider
- U.S. macro uncertainty and Azek acquisition have led to >20% share price decline creating attractive entry point
- ~15x forward P/E (vs. ~21x 10-year average) with ~15% p.a. EPS growth next 3 years

## Forward P/E multiple (last 5 years)



Source: LH chart – Company releases. Middle chart – Visible Alpha, L1 Estimates as at 31 May 2025. RH chart – Factset as at 31 May 2025.





# Theme: U.K. Quality Value

## Flutter

- #1 player in U.S. online sports betting/iGaming
- Company aiming to more than double Group EBITDA over next 3 years
- Outstanding technology and product set
- 20x FY26 P/E with >25% p.a. EPS growth forecast over the next 2 years

### Adjusted EBITDA (US\$b)

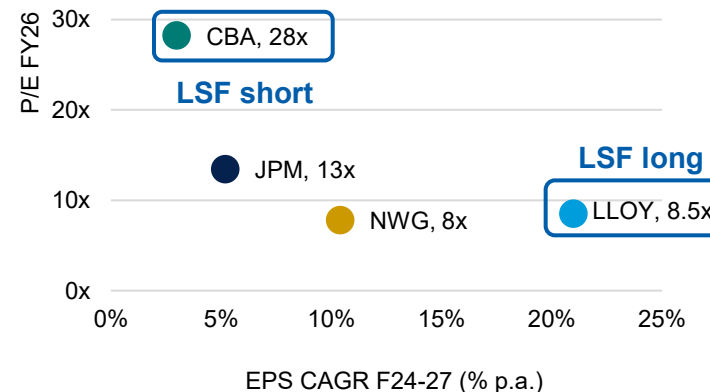
	2024A (\$b)	2027E (\$b)	Growth
U.S.	0.5	2.4	280%
Rest of World	2.1	3.0	45%
Corporate overhead	(0.2)	(0.2)	-
<b>Group</b>	<b>2.4</b>	<b>5.2</b>	<b>121%</b>



## LLOYDS BANK

- Dominant U.K. mortgage lender (~19% share)
- Sector leading 3-year EPS CAGR to FY27 of 21% p.a.
- ~8.5x forward P/E, 1.0x FY26E Price/Book, 9% distribution yield

### Major banks' valuation vs. EPS growth



## JD Group

- Global sportswear business with >4,500 stores mainly in U.S., Europe and U.K.
- Strong brands, differentiated in-store offer, high-ROI store roll-out, efficiency levers
- ~7x forward P/E (vs. ~15x 10-year average)
- £100m share buyback underway

### Forward P/E multiple (last 10 years)



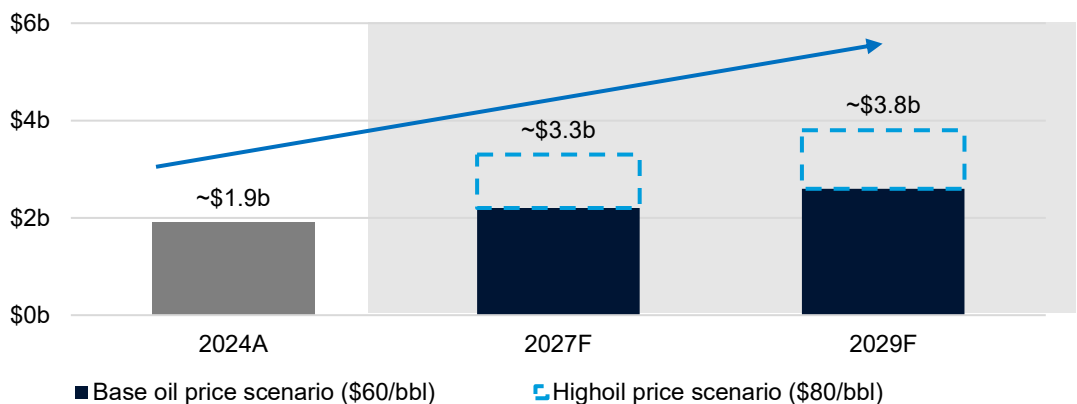
Source: LH chart – Company filings and investor day targets. Middle chart – Visible Alpha consensus. RH chart – Factset, Visible Alpha consensus.

# Theme: Energy

## Santos

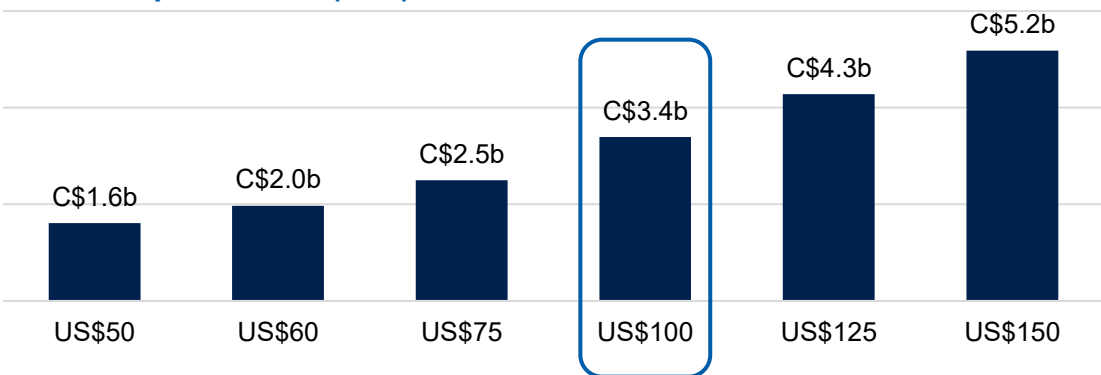
- Primarily a producer and supplier of LNG to Asia
- Exiting a period of significant capex with Barossa and Pikka projects due to come online in 2026
- Cashflow to inflect sharply higher from 2026 onwards, even at more moderate oil prices

Free cash flow generation (US\$m)



- Largest uranium development asset globally
- In final stages of approvals and financing, expected to commence major works early 2026
- At US\$100/lb C\$3.4b EBITDA vs. market cap of ~C\$5b

EBITDA p.a. at different uranium prices  
Year 1 – 5 production (C\$b)



Source: LH chart – Company filings, L1 analysis. RH chart – Company filings.

# Important information

## L1 Long Short Fund Limited

### Disclaimer

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