



L1 CAPITAL

Initial Public Offer: L1 Long Short Fund Limited

(ASX Code: LSF)

L1 Long Short Fund Limited (“Company”) is undertaking an initial public offer of ordinary shares (“Offer”) pursuant to a prospectus dated 16 February 2018 (“Prospectus”). A copy of the Company’s Prospectus is available at www.L1LongShort.com. Anyone who wishes to acquire shares in the Company, and participate in the Offer, will need to complete an application form that will accompany the Company’s prospectus during the offer period. This is not a complete description of the Company nor the shares to be issued under the Offer. Investors should consider the contents of the prospectus in its entirety, including the terms and conditions of the Offer and risk factors involved in investing in shares under the Offer (Section 5 of the Prospectus) before making any investment decision. Terms defined in the Prospectus have the same meaning in this document unless the contrary intention appears.

Overview

The Company has been established to provide investors with access to:

1. an actively managed Long and Short Portfolio of Securities; and
2. the investment expertise of the Manager.

The Company’s Portfolio will be constructed in accordance with the Manager’s investment approach which aims to deliver strong, positive, risk-adjusted returns over the long term while seeking to preserve capital.

Investment Strategy

The Investment Strategy will use a fundamental, bottom-up research process to seek to identify mispriced Securities with the potential to provide attractive risk-adjusted returns. The Company’s Investment Strategy will be implemented by the Manager which will aim to identify and invest in Securities issued by high quality companies with attractive valuations. The Company’s assessment of high quality Securities is based on identifying companies with the following characteristics:

- passionate, honest & capable management;
- attractive industry structure;
- favourable operating outlook; and
- strong balance sheet.

The Company may take Short Positions in Securities issued by companies that the Company considers to be overvalued, of low quality and/or over-gearred. In addition, the Company may use Derivatives to hedge the portfolio’s market exposure or to enhance returns (while attempting to limit potential capital losses). The Company may hold Long or Short Positions or use Derivatives to profit from this mispricing.

Investment Manager

L1 Capital is a global investment manager with funds under management of approximately \$3.0bn as at 31 December 2017. The Manager currently manages capital for a range of investors including institutional, wholesale and retail investors. The Manager was established in 2007 by Raphael Lamm and Mark Landau, and now employs a team of 5 investment personnel and 4 operations staff based in its Melbourne office. The Manager is 100% owned by entities associated with the key personnel.

In line with what the Company considers to be best practice, L1 Capital has committed to forego all management fees until such time as the Company has recouped issue costs, and will also cover the majority of operating costs of the Company where appropriate. The owners of the Manager will be investing a sizeable amount in to the Company and have also agreed to reinvest the after tax value of the performance fee paid by the LIC with a long term escrow arrangement.

Investment Performance

The Manager has employed the same investment strategy that it will deploy for the Company, as the manager of the L1 Capital Long Short Fund (“Fund”), since September 2014.

The following tables illustrate the historical performance of the Fund compared against the Benchmark on an accumulated basis since inception of this strategy. The Fund delivered an accumulated return of **36.87% p.a. net of fees**. Although the Manager does not benchmark the Fund’s performance to any index, the S&P/ASX200 delivered a 6.94% pa return over this period.

PERIOD	NET PERFORMANCE AFTER ALL FEES	S&P/ASX200 ACCUMULATION
1 Year	30.50%	11.80%
2 Years (p.a.)	29.93%	11.80%
3 Years (p.a.)	39.42%	8.63%
Since Inception (p.a.)	36.87%	6.94%
Since Inception (accum)	184.72%	25.07%

This return has been achieved with strong downside protection (maximum drawdown of -2.4%), exceptional risk-adjusted performance and low equity market risk (avg beta 0.36) since the inception of the strategy. However, past performance is not indicative or a reliable indicator of future performance. The performance of the Company will not necessarily be similar to the historical performance of the Fund.

OFFER DETAILS

ASX Code (Share)	LSF
Offer Amount (Min/Max/Overs)	\$100m/\$500m/\$600m
Application Amount	\$2.00
Proforma NAV (Min/Max/overs)	\$2.00

INDICATIVE TIMETABLE*

Lodgment of Prospectus	16 February 2018
Offer to Open (exp.)	5 March 2018
Broker Offer Close (exp.)	29 March 2018
General/Priority Offer Close (exp.)	6 April 2018
Shares to Commence Trading (exp.)	24 April 2018

* Subject to change.



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Key Personnel of the Investment Manager



Raphael Lamm

Joint Managing Director & Chief Investment Officer

Raphael is a co-founder of the Manager and has been the Joint Managing Director & Chief Investment Officer since the firm was founded in 2007. Raphael has jointly headed up the L1 Capital Australian Equities Fund and

L1 Capital Long Short Fund. Prior to L1 Capital, Raphael spent more than five years at Cooper Investors. During that period, Raphael was a portfolio manager of the flagship Cooper Investors Australian Equities Fund. Raphael holds a double degree in Law and Commerce from Monash University, with Honours in Law and First Class Honours in Finance.



Mark Landau

Joint Managing Director & Chief Investment Officer

Mark is a co-founder of the Manager and has been the Joint Managing Director & Chief Investment Officer since the firm was founded in 2007. Mark has jointly headed up the L1 Capital Australian Equities Fund and

L1 Capital Long Short Fund. Prior to establishing the Manager, Mark spent five years at Invesco as an Investment Analyst in the Large Cap Australian Equities team and later as an Investment Manager in the Smaller Companies Fund. Prior to Invesco, Mark was a Senior Strategy Consultant at Accenture, Mark holds a double degree in Commerce and Economics from Monash University, is an active CFA Charterholder and is a Senior Associate of FINSIA.

Directors



Andrew Larke

Independent Chairman

Andrew is an experienced financial services executive with over 20 years experience in mergers, acquisitions, capital markets and senior executive leadership positions. He is a Non-Executive Director of Diversified

Investment Limited, Dulux Group and IXOM, and Chairman of Sand Hill Road Hospitality.

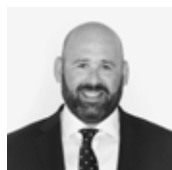


John Macfarlane

Independent Director

John is an experienced international banker. He served as Executive Chairman of Deutsche Bank Australia and New Zealand, and Chairman and CEO of Deutsche Bank Australia. He is a Non-Executive Director at ANZ, Craigs

Investment Partners, AGInvest Holdings and Balmoral Pastoral Investments.



Harry Kingsley

Independent Director

Harry is a partner at Holding Redlich. He is a senior corporate and commercial lawyer with specialist knowledge of private equity, private and public M&A, IPOs and equity and debt capital markets. Harry was

formerly the Senior Legal Counsel, Asciano Limited.

Raphael Lamm | **Director** - refer above

Mark Landau | **Director** - refer above

Fee Structure

In return for the performance of its duties as Manager of the Portfolio, the Manager is entitled to be paid monthly a Management Fee equal to 1.4% per annum (1.4375% inclusive of the net impact of GST and RITC) of the value of the portfolio (calculated on the last business day of each month and paid at the end of each month in arrears).

The Manager is entitled to be paid by the Company a fee equal to 20% (20.5% inclusive of the net impact of GST and RITC) of the funds outperformance (if any) over each 6 month period subject to a high watermark mechanism ("**Performance Fee**"). The Performance Fee for a Performance Calculation Period is subject to the recoupment of prior underperformance.

Contacts

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