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Annual Report

For the year ended 30 June 2025

L1 Long Short Fund Limited

ABN 47 623 418 539

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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
Acclime Australia Corporate Services Pty Ltd
Level 3, 62 Lygon Street
Carlton VIC 3053
Phone: (03) 8689 9997

Registered office

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

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

MUFG Corporate Markets (AU) 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

Chairman's Letter

Dear fellow shareholders,

I am pleased to provide you with the Annual Report for the L1 Long Short Fund Limited ('LSF' or 'Company') for the year ended 30 June 2025.

The LSF portfolio produced an absolute return of 7.2% (ASX200AI 13.8%) over the 12 months to 30 June 2025, continuing to build on its strong investment performance which delivered a 5-year return of 21.0% p.a. (ASX200AI 11.8%) and a since inception return (since April 2018) of 11.0% p.a. (ASX200AI 9.4%).*

Challenging global markets driven by intense style headwinds provided the Investment Manager L1 Capital Pty Ltd ('L1 Capital') a difficult backdrop for producing their solid, positive net return for LSF shareholders. The FY2025 result further reinforces how L1 Capital's disciplined, bottom-up, investment approach, which has been refined and honed for more than a decade, can deliver results amidst uncertain macroeconomics, heightening geopolitical risk, tariff uncertainty and divergent sector performance. The Investment Manager's stock selection, trading decisions, active management of portfolio exposures and investment research insights into global markets have each contributed to strong investor outcomes again during this financial year.

Due to the Investment Manager's ability to successfully navigate complex markets, the Board is pleased to have continued the Company's regular and growing stream of fully franked dividends, as set out below:

Financial Year	Dividend amount (cents per share)		
	Interim Declared in February	Full year Declared in August	Total Financial Year
2021	1.50	3.00	4.50
2022	4.00	4.50	8.50
2023	5.00	5.50	10.50
2024	5.75	6.00	11.75
2025	6.25	6.50	12.75

Once again, senior management of the Investment Manager have reinforced their commitment to the Company's long-term success by increasing their investment in LSF (buying shares on-market). They have also continued to regularly shared their market outlook and portfolio insights through webinars, detailed monthly and quarterly reports and their Investor Relations capabilities. The Board is very pleased with the benefits that these efforts continue to provide to our shareholders.

We look forward to speaking with you at the Annual General Meeting at 11am on Tuesday 11 November 2025.

Thank you for your continued support of the Company.

Andrew Larke
Chairman
L1 Long Short Fund Limited

* All performance numbers are quoted net of fees. Net returns are calculated based on the movement of the underlying investment portfolio. Past performance should not be taken as an indicator of future performance.

Investment Manager's Report

Dear shareholders,

On behalf of the investment team at L1 Capital, we are pleased to provide you with our annual letter to shareholders.

The financial year ending 30 June 2025 was a year of contrasts for the L1 Long Short Fund. Despite navigating an often unforgiving macroeconomic backdrop defined by style dispersion, macro uncertainty, geopolitical risk and sector-specific volatility, the Company's portfolio delivered a net return of +7.4%, reflecting the resilience of our investment process and the strength of our portfolio positioning.

The first half of the financial year was challenging as the portfolio continued to face strong style headwinds from a momentum-driven market. This trend culminated a sharp rotation into Growth stocks, domestic banks and a number of large cap industrials resulting in Growth outperforming Value by 63% over the two years to 31 December 2024, the largest divergence in favour of Growth since the inception of the Russell indices in 1978, (topping even the 61% outperformance during the Tech Bubble!). This style rotation was particularly acute in Australia, where the Financials and Information Technology sectors together contributed ~95% of the ASX200AI's total return for 2024, despite only modest earnings revisions. Nevertheless, strong stock selection added value in Infrastructure (Chorus, Fraport), Building Materials (CRH), quality U.K. stocks (NatWest, Tesco, Rightmove) and some company-specific results (Qantas, Flutter), which cushioned the adverse impact on the Energy sector of Brent crude oil falling from ~US\$90/bbl to ~US\$75/bbl, stock-specific events (Mineral Resources) and short positions in certain high-PE and financial stocks that experienced further multiple expansion.

The LSF portfolio recovered strongly in the second half of the financial year, showing resilience and protecting the downside, in particular during the tariff-driven disruptions of March and April. Drivers were broad based including favourable commodity price movements (particularly gold, which rose nearly 30% in the first 6 months of 2025) and copper (up 19% in the June quarter alone), our large exposure to Infrastructure which offered protection from expected slower economic activity and potential upside in a falling interest rate environment, corporate activity including takeover proposals for key long positions (Santos), robust operational updates from portfolio companies, strong performance from Industrials (Qantas, BlueScope, Finning, Fraport), U.K. Banks (Lloyds, NatWest) and successful short positions in overvalued Technology names.

Throughout the year, we maintained our characteristic, disciplined focus on high-quality, lower P/E stocks with solid earnings growth prospects. This demonstrated the strength of our research process which allowed us to cut through the ongoing style headwinds and adapt our strategy to capitalise on dislocations, especially during the April tariff-driven sell-off. Our largest geographic exposures outside Australia were in Europe and the U.K. where valuation support and earnings visibility were compelling.

While FY2025 presented some challenges and headwinds, we are pleased the portfolio remained resilient in this environment, and remain confident in the portfolio's positioning going forward. We continue to see compelling opportunities across our investment universe and believe the Company is well placed to deliver attractive returns in the years ahead.

As always, we sincerely thank you for your continued support and investment in LSF and we look forward to updating you over the year ahead.

Mark Landau

Non Independent Director,
L1 Long Short Fund Limited

Raphael Lamm

Non Independent Director,
L1 Long Short Fund Limited

About the Company

L1 Long Short Fund Limited (ASX:LSF) was established in 2018 with the sole purpose of investing in a portfolio of predominantly Australian and New Zealand Securities, with up to 30% of the gross exposure allowed in Global Securities.

The Company's portfolio is managed by L1 Capital, which was co-founded in 2007 by Mr Raphael Lamm and Mr Mark Landau. As at 30 June 2025, L1 Capital managed over \$8 billion of funds under management across a range of strategies.

L1 Capital history

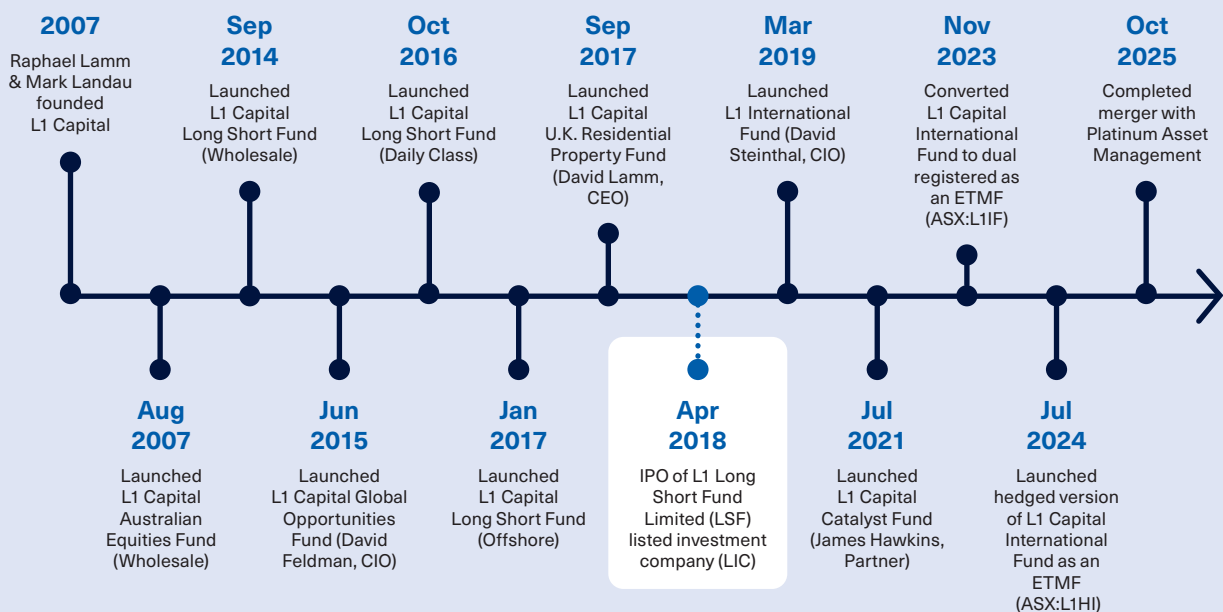
Since its foundation, the L1 Capital team has remained dedicated to providing market-leading performance via differentiated investment strategies with outstanding client service, transparency, alignment and integrity.

Raphael and Mark launched L1 Capital managing Australian equities in 2007 and have designed the firm to be as closely aligned with investors as possible. Over time, they have grown the firm through the careful cultivation of best of breed capabilities, and a focus on investing alongside clients and capping FuM capacity far below peer strategies to focus on strong ongoing alpha generation.

Today, L1 Capital manages assets for a range of investors including large superannuation funds, pension funds, asset consultants, private wealth firms, financial planning groups, family offices, high net worth investors and retail investors.

On 1 October 2025, L1 Capital completed its merger with Platinum Asset Management with the intention of creating a market-leading fund manager with over \$16.3 billion assets under management. The new combined company is named 'L1 Group' and trades on the ASX under the ticker 'L1G'. The Investment Manager expects the combined businesses to result in greater scale and growth through market-leading investment performance and distribution, a streamlining of operations and a strong balance sheet.

The merger does not change the strategy, management or team of LSF, and does not impact the investment services L1 Capital provides to LSF. As a result of the merger, Raphael and Mark have stepped down as Managing Directors of L1 Capital to enable them to focus 100% of their time on investing.



Investment objective and style

The Company's objective is to deliver strong, positive, risk-adjusted returns to investors over the long term through applying L1 Capital's flagship absolute return philosophy and process, which the investment team has been managing since 2014.

The Company invests in a highly diversified portfolio of typically 50-100 long and short positions primarily in Australia. The Investment Manager, selects positions using a bottom up, fundamental, research-driven investment approach focused on strict quality and valuation criteria, resulting in an investment style that is value and contrarian biased.

The L1 Capital investment team actively adjusts the portfolio net long to calibrate market exposure, uses both long and short positions to seek profit from both rising and falling share prices, and uses the portfolio's flexibility to invest up to 30% in international shares to expand its opportunity set beyond the Australian and New Zealand markets.

Investment philosophy and approach

The L1 Capital investment team has three core investment beliefs upon which it has built its investment approach:

- 1. Valuation and qualitative factors are the key drivers of long term share price performance.**

Both factors are critical and of equal importance.

- 2. Markets tend to be emotional, short-term and backward looking.**

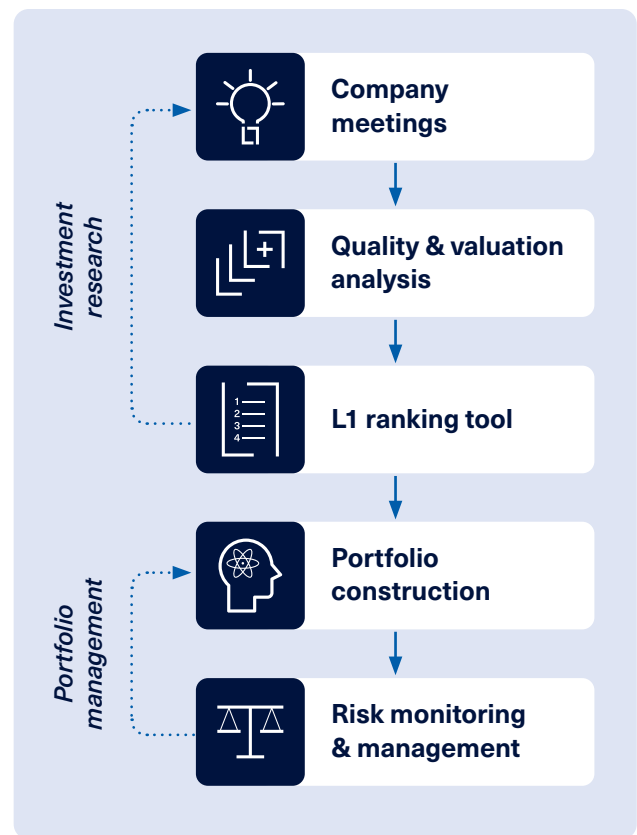
Markets continually present opportunities to investors who are unemotional and long term in their assessment of business potential.

- 3. An intensive visitation schedule with a wide variety of stakeholders can provide a more complete cross-check of a company's prospects.**

Successful bottom-up investing requires detailed research and an independent thought process.

Investment process

The L1 Capital investment process is highly disciplined, objective and research-intensive. Combining valuation (primarily discounted cash flow) with qualitative considerations (management quality, long-term industry and company structure and business trends) the investment team seeks to identify attractive investment opportunities on the long and the short side and bringing them together to dynamically position the portfolio for the risk/return conditions of the markets.



About the Company

Continued

Investment research

The investment team conducts an intensive regime of company meetings in order to build a comprehensive understanding of what may influence the prospects for each company. These can include one-on-one meetings with company management, listed and unlisted competitors, customers, suppliers, operational personnel, regulators, consultants, unions and other parties. This detailed stock research provides insightful context for the team's analysis of annual reports, company announcements, industry publications, broker reports and other relevant research.

On the quantitative side, the investment team builds financial models for each company, including the team's own profit and loss, balance sheet and cashflow statements, and modelling discounted cash flows ("DCF") using realistic estimates for each metric (i.e. not conservative 'worst case' or optimistic 'best case' scenarios). The team also cross checks their internal DCF valuations against peer and historical multiples (such as P/E, EV/ EBITDA, P/Sales, etc.), and against industry research to ensure that they are fully aware of all perceived issues or concerns for any given company.

They use a bespoke database for consolidating their research and analysis, which helps to ensure consistency, objectivity and discipline when forming and actively tracking views on management quality, company structure, business trends and market thematics, as well as target valuations. The database features a proprietary L1 ranking tool which distils the team's qualitative and valuation analysis into a single score for each company, then ranks the companies to help identify candidates for both the long and the short portfolios.

Portfolio management

The starting point for the long portfolio is the companies with the highest L1 rankings, which the Co-CIO's overlay with consideration of asymmetry of likely returns, liquidity characteristics, individual stock contribution to risk and correlation between positions. Conversely, for the short portfolio, they start with the lowest ranked stocks – those that typically have overvalued share prices as well as weak management, industry structure and operating trends. Importantly, for a stock to enter the short portfolio, the Co-CIOs must be able to identify a clear catalyst for a share price fall.

The vast majority of long positions typically enter the portfolio at less than a 5% weight. The Co-CIOs are willing to take larger long positions in stocks that have both a particularly strong asymmetrical risk/return profile (i.e. strong upside and limited downside) and where they have a very high degree of confidence in the investment thesis. For short positions where the investment idea is equally appealing, they size positions smaller than longs (typically less than 3%) to limit downside risk.

The investment team meets regularly to review the portfolio, current risk metrics, and ideas for and modelling of proposed changes, in addition to ongoing monitoring of risk factors (e.g. portfolio beta, correlations, VAR, stock contribution to risk, liquidity, etc.). Share prices also feed into the L1 ranking tool, recalibrating the rankings to alert the team to opportunities for adding, trimming, buying or selling positions. Further risk controls trigger the investment team to review the investment cases and price targets for holdings whose share prices vary beyond set thresholds.



ESG integration

The L1 Capital investment team incorporates ESG issues into their investment analysis and decision-making, and are committed, active owners of companies. The team believes that a deeper understanding of ESG issues provides a long-term boost to returns for their portfolios, given the potential implications that they have on capital allocation, operating costs and business risks. The team does not set ESG objectives that target specific ESG outcomes.

L1 Capital is a signatory of the Principles for Responsible Investing ("the PRI").

Signatory of:



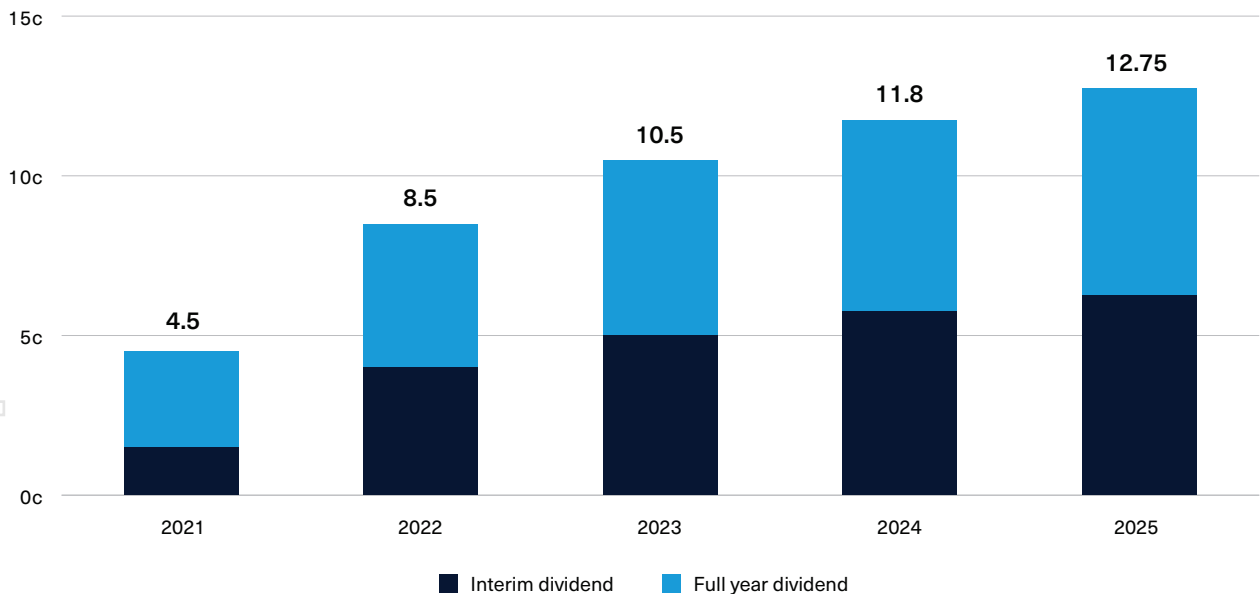
Dividends and buybacks

The Company has made a long-term commitment to making distributions to shareholders. Starting in FY 2021, it has continued to pay a regular and growing stream of fully franked dividends every half year, enabled by the portfolio's strong investment performance.

Mark Landau and Raphael Lamm, the portfolio managers of LSF, have continued to express their confidence in the Company through voluntarily increasing their investments in LSF each year the Company has been in operation. This alignment with shareholders testifies to their belief in the long-term strength of LSF.

This long-term support of the Company is backstopped by the Directors' renewal of commitment to conducting share buybacks where they deem appropriate, as well as an automatic Company on-market buyback mechanism which is triggered if the share price discount to post-tax NTA reaches 10%.

LSF fully franked dividends and dividend yield



Source: L1 Capital.

Directors' Report

The Directors present their report together with the financial statements of L1 Long Short Fund Limited (the "Company") for the year ended 30 June 2025.

Directors

The following persons held office as Directors during the 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 year, 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 year.

On 23 August 2024, the Directors declared a fully franked final dividend of 6.00 cents per share with record date of 10 September 2024 and paid to the shareholders on 1 October 2024.

On 28 February 2025, the Directors declared a fully franked interim dividend of 6.25 cents per share with record date of 18 March 2025 and paid to the shareholders on 7 April 2025.

On 27 August 2025, the Directors declared a fully franked final dividend of 6.50 cents per share with record date of 16 September 2025 and payable to the shareholders on 7 October 2025.

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 are 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 17 September 2025.

Dividend Profit Reserve

The Company may transfer any current year 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.

Since the Company incurred a loss during the half-year ended 31 December 2024, no transfers have been made to the dividend profit reserve for the half-year ended 31 December 2024. The transfer of \$99,518,000 was made to the reserve on 30 June 2025 which is in line with the board resolution dated 30 June 2025.

The balance of the dividend profit reserve as of 30 June 2025 is \$832,373,000 (2024: \$809,292,000).

Review of operations

The operating profit before tax was \$130,166,000 for the year ended 30 June 2025 (2024: \$226,977,000). The net result after tax was a profit of \$99,518,000 (2024: \$170,290,000).

This profit was supported by disciplined adherence to the Investment Manager's 'quality value' approach to bottom-up stock selection and strong performance of underlying portfolio themes in gold equities, infrastructure and quality U.K. companies. Overall, these more than offset the negative impacts of substantial ongoing headwinds from Growth stocks' continued outperformance of Value stocks, momentum-driven markets and narrow market leadership in major global indices.

The net tangible asset backing before tax as at 30 June 2025 was \$3.2473 per share (2024: \$3.2064).

The Company's performance exceeded its high watermark as of the performance calculation year ended 30 June 2025 giving the Investment Manager an entitlement to a performance fee. Please refer to Note 22 for further details.

The Company's on-market share buy-back program of up to 10% of its shares remained in place during the year and has been renewed for a period up until 29 May 2026. No shares were bought back over the year ended 30 June 2025 (2024: Nil). The Company has the discretion to buy back shares when market conditions and share prices are appropriate.

For the period from 1 July 2024 to 30 June 2025, the Company recorded a profit before tax of \$130.17 million and a net profit after tax of \$99.52 million.

Financial position

The net asset value of the Company for the financial year ended 30 June 2025 was \$1,963,610,000 (2024: \$1,921,897,000).

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2025.

Matters subsequent to the end of the financial year

On 27 August 2025, the Directors declared a fully franked final dividend of 6.50 cents per share with record date of 16 September 2025 and payable to the shareholders on 7 October 2025.

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 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 17 September 2025.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of the shareholders.

The results of the Company's operations will be affected by a number of factors, including the performance of investment markets in which the Company invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Directors' Report

Continued

Business risks

The Company's investment activities will expose it to a variety of risks. The key risks include:

Investment strategy risk: The success and profitability of the Company will largely depend upon the ability of the Manager to invest in a Portfolio which generates a return for the Company. The past performance of the funds managed by the Manager is not a guide to future performance of the Investment Strategy or the Company. There are risks inherent in the Investment Strategy that the Manager will employ for the Company. An inherent part of the strategy is to identify Securities which are undervalued (or, in the case of Short Positions, overvalued) by the marketplace. Success of such a strategy depends upon the market eventually recognising such value in the price of the Security, which may not necessarily occur. Equity positions, including initial public offerings, may involve highly speculative Securities. The ability of the Manager to construct a long portfolio of Securities that outperforms and a short portfolio of Securities that outperforms are both crucial to the success and profitability of the Company. While certain Short Positions act as a hedge for the Company's long investments, there is a risk that losses are incurred on the long and short portfolios at the same time.

Manager risk: The Company's performance depends on the expertise and investment decisions of the Manager. Its opinion about the intrinsic worth of a company or Security may be incorrect, the Company's investment objective may not be achieved and the market may continue to undervalue the Securities within the Portfolio from time to time. Further, the success and profitability of the Company will largely depend on the Manager's continued ability to manage the Portfolio in a manner that complies with the Company's objectives, strategies, policies, guidelines and permitted investments. Should the Manager become unable to perform investment management services for the Company or should there be significant key personnel changes at the Manager, the Company's investment activities may be disrupted and its performance negatively impacted.

Market risk: The Portfolio will be exposed to market risk. The market risk of assets in the Company's Portfolio can fluctuate as a result of market conditions. The value of the Portfolio may be impacted by factors such as economic conditions, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological factors. The Manager will seek to reduce market and economic risks to the extent possible. In addition, as the Company was listed on the ASX, the Shares were exposed to market risks. As a result, the Share price may trade at a discount or a premium to its NTA.

Derivative risk: The Company may invest in Exchange Traded Derivatives and Over-the-counter Derivatives including options, futures and swaps, currency, credit default exposures, currency forwards/contracts and related instruments. The Company may use derivative instruments for risk management purposes and to take opportunities to increase returns. Investments in Derivatives may cause losses associated with the value of the Derivative failing to move in line with the underlying Security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the Company to lose more than the amount of assets initially contributed to the transaction.

Short selling risk: There are inherent risks associated with Short Selling. Short Selling involves borrowing Securities which are then sold. If the price of the Securities falls then the Company can buy those Securities at a lower price to transfer back to the lender of the Securities. However, if the price of Securities rises the Company may be required to sell the Securities to the lender at a significant loss. Short Selling can be seen as a form of leverage and may magnify the gains and losses achieved in the Portfolio. While Short Selling may be used to manage certain risk exposures in the Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. Short Selling exposes the Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the Securities lender and that positions may have to be liquidated at a loss and not at a time of the Manager's choosing.

Foreign issuer and market risk: The Company's investment objective and strategies are focused on Australian and New Zealand Securities, however, it can invest in up to 30% of the Portfolio's gross exposure in Global Securities. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than Australian and New Zealand investments.

Business risks (continued)

Currency risk: Investing in assets denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the Portfolio's investments measured in Australian dollars. For example, if an equity investment is denominated in a foreign currency and that currency depreciates in value against the Australian dollar, the value of that investment may depreciate when translated into Australian dollars and the Portfolio may suffer a loss as a result (notwithstanding that the underlying equity has appreciated in value in its currency of denomination). The Manager will seek to regularly monitor price movements for Global Securities and may perform currency trades to maintain an Australian dollars hedged portfolio. While it is the general intention of the Manager to hedge the portfolio into Australian Dollars, the Manager is allowed to leave Global Securities unhedged if the Manager believes this would be in the best interests of the Company. This decision may result in gains or losses in local currency terms.

Counterparty and collateral risk: The Company uses the services of Prime Brokers to facilitate the lending of Securities to Short Sell. Until the Manager returns a borrowed Security, it will be required to maintain assets with the Prime Brokers as Collateral. As such, the Company may be exposed to certain risks in respect of that Collateral.

Liquidity risk: The Company is exposed to liquidity risk in relation to the investments within its Portfolio. If a Security cannot be bought or sold quickly enough (or at all) to minimise potential losses, the Company may have difficulty satisfying commitments associated with financial instruments. If the Company is unable to buy or sell Securities, it may suffer significant losses. The Company's Shares are also exposed to liquidity risk. The ability of an investor in the Company to sell their Shares on the ASX will depend on the turnover or liquidity of the Securities at the time of sale. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire.

Compensation fee structure risk: The Manager receives compensation based on the Portfolio's performance. The performance fee may create an incentive for the Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Portfolio.

Leverage risk: The Manager is permitted to borrow on behalf of the Company. The Manager may use debt to increase the scale of the Portfolio of the Company or to purchase Securities outside of Australia in the relevant currency (for example in USD to purchase US Securities). There are risks in using leverage in this manner. The use of Derivatives and Short Selling may have an effect similar to debt leverage in that it can magnify the gains and losses achieved in the Portfolio in a manner similar to a debt leveraged portfolio. These risks give rise to the possibility that positions may have to be liquidated at a loss and not a time of the Manager's choosing. There are limits on leverage that the Company may undertake.

Default risk: Investment in Securities and financial instruments generally involves third parties as custodial and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody which could adversely affect the value of the Company. The Company will use the services of the Prime Brokers and outsource key operational functions including investment management, custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the Company.

The Company's risk management framework, which is overseen by the Audit & Risk Committee, has been designed to monitor, review and continually improve risk management at the Company.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

Directors' Report

Continued

Information on Directors

Andrew Larke (Independent Chairman)

Experience and expertise

Andrew Larke has over 30 years' experience in mergers, acquisitions, capital markets and senior executive leadership positions.

He was formerly CEO and Managing Director of IXOM chemicals group and prior to that he was Global Head of Strategy, Planning and Mergers & Acquisitions at Orica Limited. Mr Larke has been a director of listed company DuluxGroup Limited (2010 – 2019) and he is also a director of listed company Diversified United Investment Limited and Tokyo Stock Exchange listed Nippon Paint Holdings Co Ltd.

Other current directorships

Andrew Larke's current directorships in other listed companies include Diversified United Investment Limited (2015 – current) and Tokyo Stock Exchange listed Nippon Paint Holdings Co Ltd (2025 – current).

Andrew Larke has not held any directorships in other listed companies within the last 3 years.

Interests in shares and options

Details of Andrew Larke's interests in shares of the Company are included in the Remuneration Report.

Interests in contracts

Andrew Larke has no interests in contracts of the Company.

John Macfarlane (Independent Director)

Experience and expertise

John Macfarlane is an experienced international banker. He served as CEO of Bankers Trust New Zealand (1998 – 1999), Chief Country Officer (Japan) and President of Deutsche Securities Japan (1999 – 2006), Executive Chairman of Deutsche Bank Australia and New Zealand (2007 – 2014) and Executive Chairman and CEO of Deutsche Bank Australia (2011 – 2014).

During his 15 years at Deutsche Bank, he was a member of the Global Markets, Global Banking and Global Regional Management Executive Committees and he also served as a Co-Chair of the Asia Pacific Executive Committee (2004 – 2006). He has also previously worked for the New Zealand Government Treasury, the Department of Finance (PNG) and for Bankers Trust Company for 11 years in Australia, New Zealand, and the USA.

From 2014 to 2023, John was a Non-Executive Director of ANZ Bank. In 2024 he established his own Family Office and Family Office practice.

Other current directorships

John Macfarlane does not currently hold directorships in other listed companies.

Former directorships in last 3 years

John Macfarlane's former directorships in other listed companies include Australia and New Zealand Banking Group Limited (2014 – 2023).

Interests in shares and options

Details of John Macfarlane's interests in shares of the Company are included in Remuneration Report.

Interests in contracts

John Macfarlane has no interests in contracts of the Company.

Harry Kingsley (Independent Director)

Experience and expertise

Harry Kingsley is a Partner at K&L Gates. He is a senior corporate and commercial lawyer specialising in strategic advice and negotiated transactions. He has extensive legal industry experience working in private practice and organisations in the transport and financial services industries as well as working as an investment banking professional. He is a trusted advisor to private and ASX listed corporations, their directors and management throughout Australasia.

He is highly regarded for his general commercial expertise as well as specialist knowledge around private equity, private and public M&A, IPOs and equity and debt capital markets.

He was formerly a Partner at Holding Redlich (2015 – 2020), Senior Legal Counsel, Asciano Limited and Chief Legal Counsel, Pacific National (2011 – 2015), Executive Director, Austock Group (2005 – 2011) and a senior associate at Minter Ellison (2001 – 2005).

Other current directorships

Harry Kingsley does not currently hold directorships in other listed companies.

Former directorships in last 3 years

Harry Kingsley has not held any directorships in other listed companies within the last 3 years.

Interests in shares and options

Details of Harry Kingsley's interests in shares of the Company are included in Remuneration Report.

Interests in contracts

Harry Kingsley has no interests in contracts of the Company.

Information on Directors (continued)

Raphael Lamm (Non Independent Director)

Experience and expertise

Raphael Lamm is the Joint Managing Director and Chief Investment Officer of L1 Capital Pty Limited ("L1 Capital"). Since co-founding L1 Capital in 2007, Raphael has jointly managed L1 Capital's Australian equities strategies including the flagship L1 Capital Long Short Strategy, which was launched in 2014.

Prior to founding L1 Capital, Raphael spent 5 years at Cooper Investors where he worked as an Investment Analyst and Portfolio Manager. During this time, Raphael was responsible for financial analysis, security selection and portfolio management of Australian Equities across the large cap universe.

He holds a double degree in Law and Commerce from Monash University, with Honours in Law and First Class Honours in Finance.

Other current directorships

Raphael Lamm does not currently hold directorships in other listed companies.

Former directorships in last 3 years

Raphael Lamm has not held any directorships in other listed companies within the last 3 years.

Interests in shares and options

Details of Raphael Lamm's interests in shares of the Company are included in Remuneration Report.

Interests in contracts

Details of Raphael Lamm's interests in contracts of the Company are included in Note 19(b).

Mark Landau (Non Independent Director)

Experience and expertise

Mark Landau is the Joint Managing Director and Chief Investment Officer of L1 Capital. Since co-founding L1 Capital in 2007, Mark has jointly managed L1 Capital's Australian equities strategies including the flagship L1 Capital Long Short Strategy, which was launched in 2014.

Prior to founding L1 Capital, Mark worked at Invesco Australia as an Investment Analyst in the large-cap Australian Equities Fund and an Investment Manager in the Invesco Smaller Companies Fund. Previously, he was a Senior Strategy Consultant at Accenture, providing financial analysis and corporate strategy advice to a range of ASX100 companies.

Mark holds a double degree in Commerce and Economics from Monash University, is an active CFA charter holder and is a Fellow of FINSIA.

Other current directorships

Mark Landau does not currently hold directorships in other listed companies.

Former directorships in last 3 years

Mark Landau has not held any directorships in other listed companies within the last 3 years.

Interests in shares and options

Details of Mark Landau's interests in shares of the Company are included in Remuneration Report.

Interests in contracts

Details of Mark Landau's interests in contracts of the Company are included in Note 19(b).

Company Secretary

Mark Licciardo

Mark Licciardo is the founder of Mertons Corporate Services, now part of Acclime Australia and is currently the partner and managing director of Acclime Australia's Listed Services Division. Widely recognised as a leader in his field, Mark has extensive experience working with boards of ASX-listed companies guiding and implementing effective corporate governance practices. He is also an ASX-experienced director and chair of public and private companies, with expertise in the listed investment, infrastructure, bio-technology and digital sectors. He currently serves as a director of Frontier Digital Ventures (ASX:FDV) and a number of other Australian company boards as well as foreign controlled entities and private companies.

Mark holds a Bachelor of Business degree in accounting, a Graduate Diploma in Governance and is a Fellow of the Chartered Governance Institute, the Governance Institute of Australia and the Australian Institute of Company Directors.

Directors' Report

Continued

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2025 and up to the date of this audit report, and the number of meetings attended by each Director were:

1 July 2024 to 30 June 2025	Directors' Meetings		Meetings of committee	
	A	B	Audit, Risk and Compliance	
Andrew Larke	4	4	2	2
Mark Landau	4	4	N/A	N/A
Raphael Lamm	4	4	N/A	N/A
John Macfarlane	4	4	2	2
Harry Kingsley	4	4	2	2

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office or was a member of the committee during the year.

Remuneration report (Audited)

This report details the nature and amount of remuneration for each Director of the Company in accordance with the *Corporations Act 2001*.

The Independent Directors are entitled to receive Directors' fees (inclusive of superannuation) up to \$600,000 (2024: \$600,000) per annum to be shared among the Directors. Additional remuneration may be paid in accordance with the Company's Constitution.

The remuneration for Directors will be reviewed by the Board on a periodic basis as the Company develops its business and, subject to the Listing Rules, may be increased.

Raphael Lamm and Mark Landau, being Non Independent Directors, are remunerated by the Investment Manager and do not receive Directors' fees from the Company.

Directors' remuneration is not directly linked to the Company's Performance.

Remuneration report (Audited) (continued)

Details of remuneration

The following tables show details of the remuneration paid by the Company to the Directors of the Company for the current financial year and previous period.

2025	Short-term employee benefits	Post-employment benefits	Total \$
	Salary and fees \$	Superannuation \$	
Name			
Independent Directors			
Andrew Larke	211,000	–	211,000
John Macfarlane	94,619	10,881	105,500
Harry Kingsley	94,619	10,881	105,500
Sub-total Independent Directors	400,238	21,762	422,000
Non Independent Directors			
Raphael Lamm*	–	–	–
Mark Landau*	–	–	–
Sub-total Non Independent Directors	–	–	–
Total key management personnel compensation	400,238	21,762	422,000
2024			
Independent Directors			
Andrew Larke	203,500	–	203,500
John Macfarlane	91,667	10,083	101,750
Harry Kingsley	91,667	10,083	101,750
Sub-total Independent Directors	386,834	20,166	407,000
Non Independent Directors			
Raphael Lamm*	–	–	–
Mark Landau*	–	–	–
Sub-total Non Independent Directors	–	–	–
Total key management personnel compensation	386,834	20,166	407,000

* Raphael Lamm and Mark Landau are directly paid by L1 Capital. Refer to section Remuneration of Executives.

Directors' Report

Continued

Remuneration report (Audited) (continued)

Director-Related Entity Remuneration

All transactions with related entities were made under normal commercial terms and conditions.

L1 Capital is a Director-related entity which operates a funds management business and has been appointed to manage the investment portfolio of the Company. In its capacity as Investment Manager, L1 Capital is entitled to be paid a management fee equal to 1.40% (plus GST) per annum of the value of the portfolio calculated daily.

Management fees (inclusive of the net impact of GST and Reduced Input Tax Credit ("RITC")) incurred during the year amounted to \$26,844,000 (2024: \$26,977,000) of which \$2,430,000 (2024: \$2,400,000) remained payable as at year end.

In addition, L1 Capital is entitled to be paid by the Company a fee equal to 20.00% (plus GST) of the Portfolio's outperformance, if any, over each semi-annual performance calculation period, subject to a high watermark mechanism.

Performance fees (inclusive of the net impact of GST and RITC) incurred during the year amounted to \$33,284,000 (2024: \$58,326,000). Performance fees payable as of 30 June 2025 amounted to \$33,565,000 (2024: \$39,704,000).

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

Remuneration of Executives

There are no executives that are directly paid by the Company. L1 Capital, the Investment Manager of the Company, remunerated Raphael Lamm and Mark Landau as employees and/or as Directors of the Investment Manager during the financial year. The Investment Manager is appointed to provide day-to-day management of the Company and is remunerated as outlined above.



Remuneration report (Audited) (continued)

Equity Instrument Disclosures Relating to Directors

As at the date of the report, the Company's Directors and their related parties held the following interests in the Company:

Ordinary Shares Held

2025		No. of shares at date of the report
Director	Position	
Andrew Larke	Independent Chairman	1,311,796
John Macfarlane	Independent Director	726,199
Harry Kingsley	Independent Director	29,047
Raphael Lamm*	Non Independent Director	49,925,144
Mark Landau*	Non Independent Director	53,033,029
		105,025,215

2024		No. of shares at date of the report
Director	Position	
Andrew Larke	Independent Chairman	1,208,275
John Macfarlane	Independent Director	696,019
Harry Kingsley	Independent Director	27,840
Raphael Lamm*	Non Independent Director	47,185,530
Mark Landau*	Non Independent Director	50,164,254
		99,281,918

Refer to Note 19(b) for the movement of interests held in the Company by the Company's Directors and their related parties as at 30 June 2025.

* Raphael Lamm and Mark Landau have an interest in the shares held by L1 Employees Remuneration Trust and L1 Investment Trust by virtue of s608(1) of the Corporations Act 2001.

Ordinary shares held by the following Directors are subject to voluntary escrow for a period which is the shorter of:

(a) the period of 10 years from the date that the Company is listed on the exchange or (b) the duration of the Investment Management Agreement:

- Raphael Lamm: 17,785,179 shares (2024: 17,785,179 shares)
- Mark Landau: 17,785,179 shares (2024: 17,785,179 shares)

Directors and Director-related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

Options Held

None of the Directors held options during the period up to the date of the report (2024: Nil).

End of remuneration report.

Directors' Report

Continued

Insurance and indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Audit and non-audit services

Details of the amounts paid or payable to Ernst & Young for audit and non-audit services provided during the period are set out in Note 20 to the financial statements on page 50 of this report.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 20 did not compromise the external auditor's independence for the following reasons:

- (a) all non-audit services have been reviewed and approved by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- (b) none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards).

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the 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 19.

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



Andrew Larke
Chairman

Melbourne

27 August 2025

Auditor's Independence Declaration



Shape the future
with confidence

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Auditor's independence declaration to the directors of L1 Long Short Fund Limited

As lead auditor for the audit of the financial report of L1 Long Short Fund Limited for the financial year ended 30 June 2025, I declare to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'E Reekie'.

Emma Reekie
Partner
27 August 2025

A member firm of Ernst & Young Global Limited
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Statement of Profit and Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Notes	Year Ended	
		30 June 2025 \$'000	30 June 2024 \$'000
Investment Income			
Net gains on financial instruments at fair value through profit or loss		280,505	314,636
Dividend income		69,041	78,849
Interest income from financial assets at amortised cost		52,038	37,707
Expense reimbursement from Investment Manager	22	791	730
Net foreign exchange (losses)/gains		(86,398)	9,160
Other income		1,498	2
Total income		317,475	441,084
Expenses			
Management fees	22	(26,844)	(26,977)
Performance fees	22	(33,284)	(58,326)
Interest expense		(80,096)	(75,879)
Dividend expense on short positions		(24,672)	(27,350)
Brokerage expense		(14,453)	(15,356)
Stock loan fees		(2,994)	(4,320)
Withholding tax on foreign dividends		(2,597)	(3,812)
Other expenses		(1,143)	(881)
Directors' fees	19	(422)	(407)
Administration fees		(283)	(269)
ASX fees		(175)	(199)
Audit fees	20	(89)	(94)
Share registry fees		(197)	(172)
Secretarial fees		(60)	(58)
Legal fees		-	(7)
Total operating expenses		(187,309)	(214,107)
Profit before income tax attributable to the ordinary equity holders of the Company		130,166	226,977
Income tax expense	7	(30,648)	(56,687)
Profit after income tax		99,518	170,290
Other comprehensive income, net of tax		-	-
Total comprehensive income attributable to the ordinary equity holders of the Company		99,518	170,290
		Cents	Cents
Profits per share for profit attributable to the ordinary equity holders of the Company:			
Basic profits per share	24	15.91	27.49
Diluted profits per share	24	15.91	27.49

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

Statement of Financial Position

As at 30 June 2025

	Notes	As at	
		30 June 2025 \$'000	30 June 2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	1,408,906	855,318
Other receivables	9	152,389	182,419
Receivable from Manager	22	76	34
Financial assets at fair value through profit or loss	10	3,510,150	3,402,357
Prepaid income tax		6,607	37,087
Other current assets		418	515
Total assets		5,078,546	4,477,730
LIABILITIES			
Broker advances		1,811,645	1,272,868
Other payables	14	89,816	88,838
Financial liabilities at fair value through profit or loss	15	1,132,299	1,118,097
Deferred tax liabilities	13	81,176	76,030
Total liabilities		3,114,936	2,555,833
Net assets		1,963,610	1,921,897
EQUITY			
Issued capital	16	1,277,728	1,259,096
Dividend profit reserve	18	832,373	809,292
Accumulated losses		(146,491)	(146,491)
Total equity		1,963,610	1,921,897

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

Statement of Changes in Equity

For the year ended 30 June 2025

	Notes	Issued Capital \$'000	Dividend Profit Reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance as at 1 July 2023		1,242,522	708,535	(146,491)	1,804,566
Profit after income tax		-	-	170,290	170,290
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	170,290	170,290
Transactions with owners in their capacity as owners:					
Dividend reinvestment	16	16,574	-	-	16,574
Dividend declared	18	-	(69,533)	-	(69,533)
Transfer to dividend profit reserve account	18	-	170,290	(170,290)	-
		16,574	100,757	(170,290)	(52,959)
Balance as at 30 June 2024		1,259,096	809,292	(146,491)	1,921,897
Balance as at 1 July 2024		1,259,096	809,292	(146,491)	1,921,897
Profit after income tax		-	-	99,518	99,518
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	99,518	99,518
Transactions with owners in their capacity as owners:					
Dividend reinvestment	16	18,632	-	-	18,632
Dividend declared	18	-	(76,437)	-	(76,437)
Transfer to dividend profit reserve account	18	-	99,518	(99,518)	-
		18,632	23,081	(99,518)	(57,805)
Balance as at 30 June 2025		1,277,728	832,373	(146,491)	1,963,610

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

Statement of Cash Flows

For the year ended 30 June 2025

	Notes	Year ended	
		30 June 2025 \$'000	30 June 2024 \$'000
Cash flows from operating activities			
Purchase of financial instruments at fair value through profit or loss		(5,562,204)	(6,598,522)
Proceeds from sale of financial instruments at fair value through profit or loss		5,728,820	6,208,707
Net cash received from collateral withdrawal		60,782	115,126
Dividends received		64,534	75,593
Interest income received from financial assets at amortised cost		48,902	37,361
Expense reimbursement received		749	757
Other income received		1,498	2
Brokerage expenses paid		(14,453)	(15,356)
Dividends paid on short positions		(23,025)	(27,461)
Stock loan fees paid		(3,027)	(4,312)
ASX fees paid		(175)	(199)
Net GST received/(paid)		771	(729)
Interest paid		(77,910)	(75,882)
Management fees paid		(26,814)	(26,636)
Performance fees paid		(39,423)	(29,018)
Income tax refunded		4,978	59,067
Other expenses paid		(2,228)	(1,819)
Net cash inflow/(outflow) from operating activities	23	161,775	(283,321)
Cash flows from financing activities			
Dividends paid		(57,804)	(52,959)
Broker advances received		538,777	327,748
Net cash inflow from financing activities		480,973	274,789
Net increase in cash and cash equivalents		642,748	(8,532)
Cash and cash equivalents at the beginning of the year		855,318	854,690
Effects of exchange rate changes on cash and cash equivalents		(89,160)	9,160
Cash and cash equivalents at the end of the year	8	1,408,906	855,318

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

Notes to the Financial Statements

For the year ended 30 June 2025

1. General Information

L1 Long Short Fund Limited (the "Company") is a listed public company domiciled in Australia. The Company's registered address is L1 Capital Pty Limited, Level 45, 101 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 Company was registered with the Australian Securities and Investments Commission (ASIC) on 14 December 2017, commenced operations on 19 April 2018 and was officially admitted to the Official List of the Australian Securities Exchange on 20 April 2018.

The financial statements were authorised for issue by the Board of Directors on 27 August 2025. The Directors have the power to amend and reissue the financial report.

2. Material Accounting Policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Company also comply with IFRS as issued by the International Accounting Standards Board.

(ii) 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 2024 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) Historical cost convention

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

(iv) Liquidity basis of presentation

During the year, the Company changed the presentation of its Statement of Financial Position from a current/non-current classification to a liquidity-based presentation. This change was made to provide more relevant and reliable information given the nature of the Company's operations and the manner in which liquidity is managed.

The change in presentation has been applied retrospectively. Comparative information has been restated accordingly to conform to the new presentation basis.

Under the liquidity-based presentation, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. The majority of receivables and payables are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and deferred tax balances.

The change in presentation does not affect the recognition, measurement, or total amounts of assets, liabilities, or equity reported in prior periods.



2. Material Accounting Policies (continued)

(a) Basis of preparation (continued)

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

(vi) New standards and interpretations not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretation, if applicable when they become effective.

- AASB 18 *Presentation and Disclosure in Financial Statements* (application date 1 January 2027)
- AASB 2024-2 *Amendments to Australian Accounting Standards- Classification and Measurement of Financial Instruments [AASB 7 & AASB 9]* (application date 1 January 2026).

Management is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Other than above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2025, 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) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Australian dollars ("A\$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss and Other Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss in the Statement of Profit and Loss and Other Comprehensive Income.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Investment income

Profits and losses realised from the sale of investments and unrealised gains and losses on securities at fair value are included in the Statement of Profit and Loss and Other Comprehensive Income in accordance with the policies described in Note 2(j).

(ii) Interest income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.



Notes to the Financial Statement

Continued

2. Material Accounting Policies (continued)

(c) Revenue recognition (continued)

(iii) Dividend income

Dividend income from financial assets at fair value through profit or loss is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Company currently incurs withholding tax imposed by certain countries on dividend income. Such income is recorded gross of withholding tax in the Statement of Profit and Loss and Other Comprehensive Income.

(iv) Other income

The Company recognises other income when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

(d) Expenses

All expenses are recognised in the Statement of Profit and Loss and Other Comprehensive Income on an accrual basis.

(i) Performance fee

At each reporting date, the Company assesses the likelihood of whether the respective performance fees will be payable. A performance fee in respect of a period is recognised if it is probable that the Company's performance will exceed its high watermark at the end of the relevant measurement period.

(e) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Current and deferred income tax (expense)/benefit is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Uncertain Taxes

AASB Interpretation 23 *Uncertainty over Income Tax Treatments* requires the evaluation of whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense, including interest and penalties, in the current year in the Statement of Profit and Loss and Other Comprehensive Income. The guidance establishes a minimum threshold for financial statement recognition of positions taken in filing tax returns, including whether an entity is taxable in a particular tax jurisdiction, and requires certain expanded tax disclosures.

2. Material Accounting Policies (continued)

(f) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash at broker is included as a component of cash and cash equivalents. This balance is integral to the Company's cash management, to meet its short-term cash commitments, is readily accessible and is subject to an insignificant risk of changes in value.

(g) Broker advances

Broker advances comprise cash paid by brokers on behalf of the Company under the facility in the prime brokerage agreement for the day-to-day settlement of the Company's sales and purchases of financial instruments in foreign currencies. Interest is charged on amounts drawn based on the prime brokerage agreement.

(h) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and are recognised initially at fair value and subsequently measured at amortised cost. Due from brokers – cash held as collateral (in 'Other receivables' line item of the Statement of financial position) pertains to cash held as collateral for derivatives. The cash collateral is held by the broker to meet the margin requirements and will be returned to the Company's main cash account on the close out of the derivative contracts.

(i) Other receivables

Receivables may include amounts for interest and dividends. Dividends are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

(j) Financial assets and liabilities

Classification

(i) Financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost.

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Company's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

Notes to the Financial Statement

Continued

2. Material Accounting Policies (continued)

(j) Financial assets and liabilities (continued)

(ii) Financial liabilities

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, short dividends payable, management fees payable, interest payable and other payables).

Recognition and derecognition

Purchases and sales of financial assets and financial liabilities at fair value through profit or loss are recognised on trade date, the date on which the Company commits to purchase or sell the asset or liability. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

Measurement

At initial recognition, the Company measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities at fair value through profit or loss are expensed in the Statement of Profit and Loss and Other Comprehensive Income. Financial assets and liabilities (other than those classified at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value and foreign currency translation of financial assets or liabilities at fair value through profit or loss category are presented in the Statement of Profit and Loss and Other Comprehensive Income within net gains on financial instruments at fair value through profit or loss in the period in which they arise. Dividends and interest earned or paid on these instruments are recorded separately in dividend and interest income or expense.

Financial liabilities, other than those classified at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is recognised as net gains on financial instruments at fair value through profit or loss in the Statement of Profit and Loss and Other Comprehensive Income.

2. Material Accounting Policies (continued)

(j) Financial assets and liabilities (continued)

Impairment

At each reporting date, the Company shall measure the loss allowance on financial assets at amortised cost (e.g. cash, due from broker) at an amount equal to the lifetime expected credit losses (ECL) if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12 month expected credit losses. The Company's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. However, where there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime expected credit loss. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that credit risk may have significantly increased. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. Any contractual payment which is more than 90 days past due is considered credit impaired.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Refer to Note 12 to the financial statements for further information.

(l) Other payables

Payables include liabilities and accrued expenses owed by the Company which are unpaid as at the end of the reporting period.

(m) Issued capital

Ordinary shares are classified as equity and presented as Issued Capital within the Statement of Changes in Equity. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

(n) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

In accordance with the *Corporations Act 2001*, the Company may pay a dividend where the Company's assets exceed its liabilities, the payment of the dividend is fair and reasonable to the Company's shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

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 are 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.

Notes to the Financial Statement

Continued

2. Material Accounting Policies (continued)

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Where applicable, the Company qualifies for RITC at a rate of at least 75%; hence fees for these services have been recognised in the Statement of Profit and Loss and Other Comprehensive Income net of the amount of GST recoverable from the ATO.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(q) Rounding of amounts

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

(r) Comparative revisions

Comparative information is revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk.

The Directors believe that there is no significant concentration risk in any particular sector or industry.

(i) Price risk

Exposure

The Company is exposed to financial instrument price risk. This arises from financial instrument held by the Company and classified in the Statement of Financial Position as financial assets at fair value through profit or loss.

The Company and the Investment Manager seek to manage the risk that the Portfolio will decrease in value over each financial year.

The Investment Strategy, investment process, investment guidelines and risk measurement tools used by the Investment Manager are directed towards managing the risk that the Portfolio will fall in value whilst targeting an Absolute Return.

Industry/sector limitations will not be applied to the Company's Investment Strategy. This is because the Investment Manager believes that there is a wide variability in risk levels between sectors over time and also some correlation between sector based risks such that limits at a portfolio level are more appropriate to manage portfolio risk.

The portfolio is expected to be diversified across a broad range of sectors and industry groups, thereby reducing the risk that portfolio returns will be dependent on the performance of an individual security, sector or industry.

Sensitivity

The following table illustrates the effect on the Company's equity from possible changes in market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30%. The analysis is based on the assumption that the net investment portfolio had increased by 5% and 15% or decreased by 5% and 15% with all other variables held constant.

	Impact on net assets		Impact on post-tax income	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Decrease 5%	(118,893)	(114,213)	(83,225)	(79,949)
Increase 5%	118,893	114,213	83,225	79,949
Decrease 15%	(356,677)	(342,639)	(249,674)	(239,847)
Increase 15%	356,677	342,639	249,674	239,847

Net assets and profit after tax for the year would increase/(decrease) as a result of gains/(losses) on equity securities classified at fair value through profit or loss.

At balance date, the net position of financial assets and liabilities at fair value through profit or loss was \$2,377,851,000 (2024: \$2,284,260,000).

Notes to the Financial Statement

Continued

3. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Exposure

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

At 30 June 2025	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	1,408,906	–	–	1,408,906
Other receivables	93,000	–	59,389	152,389
Receivable from Manager	–	–	76	76
Financial assets at fair value through profit or loss	–	–	3,510,150	3,510,150
Other current assets	–	–	418	418
	1,501,906	–	3,570,033	5,071,939
Financial liabilities				
Broker advances	(1,811,645)	–	–	(1,811,645)
Other payables	–	–	(89,816)	(89,816)
Financial liabilities at fair value through profit or loss	–	–	(1,132,299)	(1,132,299)
	(1,811,645)	–	(1,222,115)	(3,033,760)
Net exposure to interest rate risk	(309,739)	–	2,347,918	2,038,179
At 30 June 2024				
Financial assets				
Cash and cash equivalents	855,318	–	–	855,318
Other receivables	153,782	–	28,637	182,419
Other current assets	–	–	515	515
Financial assets at fair value through profit or loss	–	–	3,402,357	3,402,357
Receivable from Manager	–	–	34	34
	1,009,100	–	3,431,543	4,440,643
Financial liabilities				
Broker advances	(1,272,868)	–	–	(1,272,868)
Other payables	–	–	(88,838)	(88,838)
Financial liabilities at fair value through profit or loss	–	–	(1,118,097)	(1,118,097)
	(1,272,868)	–	(1,206,935)	(2,479,803)
Net exposure to interest rate risk	(263,768)	–	2,224,608	1,960,840

3. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity

At 30 June 2025, if interest rates had increased or decreased by 100 (2024: 100) basis points ("bps") from the year end rates with all other variables held constant, net assets would have been \$3,097,000 lower/\$3,097,000 higher (2024: \$2,638,000 lower/\$2,638,000 higher) and profit after tax for the year would have been \$2,168,000 lower/\$2,168,000 higher (2024: \$1,846,000 lower/\$1,846,000 higher), mainly as a result of higher/lower interest income from cash and cash equivalents, net of broker advances.

(iii) Foreign exchange risk

Exposure

The Company operates internationally and holds both monetary and non-monetary assets and liabilities denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The Investment Manager monitors this risk on an ongoing basis. The Investment Manager manages risk on an absolute return basis in the reporting currency (i.e. Australian dollars), rather than the underlying currencies. Foreign exchange rate risk is managed by depositing surplus foreign currency in a foreign currency account for later use, or by borrowing foreign currency to pay for foreign currency purchases, and then using the foreign currency to repay the borrowing.

The following table summarises the fair value of the Company's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollars.

The Company's exposure to foreign currency risk at the end of the reporting period, monetary and non-monetary, expressed in Australian dollars, was as follows:

30 June 2025	USD \$'000	EUR \$'000	HKD \$'000	GBP \$'000	CAD \$'000	Others \$'000
Monetary						
Cash and cash equivalents	-	-	4,951	-	10,136	-
Other receivables	7,822	37,360	-	615	-	(1)
Broker advances	(995,270)	(350,613)	(57,706)	(194,439)	(116,898)	(95,763)
Other payables	(29,882)	(3,987)	-	(2,923)	(338)	-
Total Monetary	(1,017,330)	(317,240)	(52,755)	(196,747)	(107,100)	(95,764)
Non-monetary						
Financial assets at fair value through profit or loss	564,817	314,375	52,646	258,237	662,014	-
Financial liabilities at fair value through profit or loss	(83,802)	(1,486)	-	-	-	-
Total Non-monetary	481,015	312,889	52,646	258,237	662,014	-
Net exposure	(536,315)	(4,351)	(109)	61,490	554,914	(95,764)

Notes to the Financial Statement

Continued

3. Financial Risk Management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

Exposure (continued)

30 June 2024	USD \$'000	EUR \$'000	HKD \$'000	GBP \$'000	CAD \$'000	Others \$'000
Monetary						
Cash and cash equivalents	-	-	5,934	-	70,957	-
Other receivables	-	-	-	-	237	58
Broker advances	(583,154)	(252,735)	(38,172)	(235,437)	(81,963)	(55,623)
Other payables	(9,462)	(5,334)	-	(1,663)	-	(1)
Total Monetary	(592,616)	(258,069)	(32,238)	(237,100)	(10,769)	(55,566)
Non-monetary						
Financial assets at fair value through profit or loss	295,730	279,202	31,515	308,822	426,965	30,370
Financial liabilities at fair value through profit or loss	(293,934)	-	-	-	(32,394)	(28,955)
Total Non-monetary	1,796	279,202	31,515	308,822	394,571	1,415
Net exposure	(590,820)	21,133	(723)	71,722	383,802	(54,151)

Sensitivity

The analysis is based on the assumption that the Australian dollar weakened and strengthened by 15% against the foreign currencies to which the Company's monetary securities are exposed. The impact on post-tax profit for the period would be as follows:

	Impact on net assets		Impact on post-tax income	
	30 June 2025 \$'000	30 June 2024 \$'000	30 June 2025 \$'000	30 June 2024 \$'000
USD/AUD exchange rate – (increase) 15% (2024: 15%)	(152,600)	(88,893)	(106,820)	(62,225)
USD/AUD exchange rate – decrease 15% (2024: 15%)	152,600	88,893	106,820	62,225
EUR/AUD exchange rate – (increase) 15% (2024: 15%)	(47,586)	(38,710)	(33,310)	(27,097)
EUR/AUD exchange rate – decrease 15% (2024: 15%)	47,586	38,710	33,310	27,097
HKD/AUD exchange rate – (increase) 15% (2024: 15%)	(7,913)	(4,836)	(5,542)	(3,385)
HKD/AUD exchange rate – decrease 15% (2024: 15%)	7,913	4,836	5,542	3,385
GBP/AUD exchange rate – (increase) 15% (2024: 15%)	(29,512)	(35,565)	(20,658)	(24,896)
GBP/AUD exchange rate – decrease 15% (2024: 15%)	29,512	35,565	20,658	24,896
CAD/AUD exchange rate – (increase) 15% (2024: 15%)	(16,065)	(1,615)	(11,246)	(1,131)
CAD/AUD exchange rate – decrease 15% (2024: 15%)	16,065	1,615	11,246	1,131
Others/AUD exchange rate – (increase) 15% (2024: 15%)	(14,365)	(8,335)	(10,055)	(5,834)
Others/AUD exchange rate – decrease 15% (2024: 15%)	14,365	8,335	10,055	5,834

3. Financial Risk Management (continued)

(b) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Under the arrangements which the Company has entered into to facilitate stock borrowing for covered short selling, borrowed stock (classified as financial liabilities at fair value through profit or loss) is collateralised by the long stock portfolio (classified as financial assets at fair value through profit or loss). If the stock borrowing counterparty became insolvent, it is possible that the Company may not recover all of the collateral that the Company gave to the counterparty. The collateral on securities sold short is set at 100% of the borrowed stock.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The Company is also exposed to counterparty credit risk on cash and cash equivalents, amounts due from brokers and other receivables.

Financial assets measured at amortised cost

The Company determines credit risk and measures expected credit losses for financial assets at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2025 and 30 June 2024, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA- or higher and are either callable on demand or due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

The Company manages credit risk by only entering into agreements with creditworthy parties.

At 30 June 2025, the long-term credit ratings of the Company's bank, prime brokers and debtors as per Standard and Poor's were as follows:

	2025	2024
National Australia Bank	AA-	AA-
Morgan Stanley & Co. International plc	A-	A+
Macquarie Bank Limited	A+	A+
Merrill Lynch	A-	A+
Goldman Sachs International	A+	A+
L1 Capital Pty Ltd	N/A	N/A

The Company's cash at bank is held mainly with National Australia Bank. The Company held 38.88% of cash at broker with Goldman Sachs International, 13.15% with Merrill Lynch and the remaining with Morgan Stanley (2024: 31.03% of cash at broker with Goldman Sachs International, 34.91% with Merrill Lynch and the remaining with Morgan Stanley). The Investment Manager monitors the financial position of the counterparties on a regular basis.

Financial assets measured at fair value through profit or loss

The credit risk factors relating to the over-the-counter derivatives have been considered and credit valuation adjustments (CVA) for counterparty credit risk for own credit risk have been assessed to be not significant in the current period.

The Company is exposed to credit risk on derivative assets. These classes of financial assets are not subject to AASB 9's impairment requirements as they are measured at fair value through profit or loss. The carrying value of these assets represents the Company's maximum exposure to credit risk on financial instruments not subject to the AASB 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

Notes to the Financial Statement

Continued

3. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Investment Manager manages liquidity risk by monitoring the asset size of the Company as a whole on executing transactions.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary. Accordingly, the Company is not considered to be exposed to material liquidity risk.

Maturities of financial liabilities

All non-derivative financial liabilities of the Company have maturities of less than 1 month.

Maturities of net settled derivative financial instruments

All net settled derivative financial instruments of the Company have maturities of 1 to 6 months.

4. Fair Value Measurements

The Company measures and recognises the following 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.

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- (b) 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
- (c) 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.

4. Fair Value Measurements (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 table presents the Company's assets and liabilities measured and recognised at fair value:

At 30 June 2025	Level 1 \$'000	Level2 \$'000	Level3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Equity swaps	–	1,450	–	1,450
Australian share price index futures	1,929	–	–	1,929
Gold price index futures	6,760	–	–	6,760
Australian listed equity securities	1,655,142	–	–	1,655,142
International listed equity securities	1,844,869	–	–	1,844,869
Total financial assets at fair value through profit or loss	3,508,700	1,450	–	3,510,150
Financial liabilities at fair value through profit or loss				
Equity swaps	–	1,835	–	1,835
Australian listed equity securities	1,046,662	–	–	1,046,662
International listed equity securities	83,802	–	–	83,802
Total financial liabilities at fair value through profit or loss	1,130,464	1,835	–	1,132,299

Notes to the Financial Statement

Continued

4. Fair Value Measurements (continued)

(iii) Recognised fair value measurements (continued)

At 30 June 2024	Level 1 \$'000	Level2 \$'000	Level3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Equity swaps	-	30,370	-	30,370
Australian listed equity securities	2,029,752	-	-	2,029,752
International listed equity securities	1,342,235	-	-	1,342,235
Total financial assets at fair value through profit or loss	3,371,987	30,370	-	3,402,357
Financial liabilities at fair value through profit or loss				
Australian share price index futures	2,729	-	-	2,729
Australian listed equity securities	760,085	-	-	760,085
International listed equity securities	355,283	-	-	355,283
Total financial liabilities at fair value through profit or loss	1,118,097	-	-	1,118,097

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 year ended 30 June 2025 and 30 June 2024.

(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.



5. 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. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Income taxes

The Company has recognised deferred tax liabilities from unrealised gains on financial instruments and other temporary differences of \$81,180,000 at 30 June 2025 (30 June 2024: \$76,193,000) and deferred tax assets relating to other temporary differences of \$4,000 at 30 June 2025 (30 June 2024: \$163,000). Refer to Note 13 for further discussion of accounting for deferred taxes.

Financial instruments

For the majority of the Company's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. For more information on how fair value is calculated please see Note 4 to the financial statements.

For financial instruments measured at amortised cost, the expected credit loss impairment assessment considers the probability of default which was assessed to be insignificant.

6. 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.



Notes to the Financial Statement

Continued

7. Income Tax Expense

(a) Income tax expense through profit or loss

	Year Ended	
	30 June 2025 \$'000	30 June 2024 \$'000
Income tax expense	30,648	56,687
	30,648	56,687
<i>Income tax expense composition:</i>		
Current income tax (benefit)/expense	25,286	15,382
Deferred income tax expense/(benefit)	5,362	41,305
	30,648	56,687
<i>Income tax expense is attributable to:</i>		
Profit from continuing operations	30,648	56,687

(b) Numerical reconciliation of income tax benefit to prima facie tax payable

	Year Ended	
	30 June 2025 \$'000	30 June 2024 \$'000
Profit from continuing operations before income tax benefit	130,166	226,977
Tax at the Australian tax rate of 30% (2024: 30%)	39,050	68,093
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Imputation credit gross up	(8,402)	(11,406)
Income tax expense	30,648	56,687
The applicable weighted average effective tax rates are as follows:	23.55%	24.97%



8. Cash and Cash Equivalents

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Cash at bank	3,757	1,545
Cash at broker	1,405,149	853,773
	1,408,906	855,318

9. Other Receivables

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Dividends receivable	2,240	1,051
Interest receivable	3,482	346
GST receivable	439	1,230
Withholding tax receivable	934	213
Due from brokers	52,294	25,797
Due from brokers – cash held as collateral	93,000	153,782
	152,389	182,419

Notes to the Financial Statement

Continued

10. Financial Assets at Fair Value through Profit or Loss

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Equity swaps	1,450	30,370
Australian share price index futures	1,929	–
Gold price index futures	6,760	–
Australian listed equity securities	1,655,142	2,029,752
International listed equity securities	1,844,869	1,342,235
Total financial assets at fair value through profit or loss	3,510,150	3,402,357

Listed securities are readily saleable with no fixed terms.

Changes in fair values of financial assets at fair value through profit or loss are recorded in net gains on financial instruments at fair value through profit or loss in the Statement of Profit and Loss and Other Comprehensive Income.

(a) Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 7,124 (2024: 7,668). Each investment transaction may involve multiple contract notes.

The total brokerage paid on these contract notes was \$14,453,000, inclusive of GST (2024: \$15,356,000).

(b) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in Note 3 and Note 4 to the financial statements.

11. Derivative Financial Instruments

In the normal course of business, the Company enters into transactions in derivative financial instruments with certain risks. A derivative is a financial instrument or other contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.

Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

- (i) hedging to protect an asset of the Company against a fluctuation in market values or to reduce volatility;
- (ii) as a substitute for physical securities; and
- (iii) adjustment of asset exposures within the parameters set out in the investment strategy.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

11. Derivative Financial Instruments (continued)

The Company holds the following derivative instruments from time to time:

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

Equity/index swaps

An equity/index swap is an agreement between counterparties to exchange a set of payments, determined by a stock or index return, with another set of payments (usually an interest-bearing (fixed or floating rate) instrument, but they can also be the return on another stock or index). Equity/index swaps are used to substitute for a direct transaction in stock. The two cash flows are usually referred to as "legs". As with other swaps, the difference in the payment streams is netted.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Fund are over-the-counter (OTC). The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value.

The Company's derivative financial instruments at year end are detailed below:

	Notional values \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
30 June 2025			
Equity swaps	32,124	1,450	1,835
Australian share price index futures	(739,614)	1,929	–
Gold price index futures	(354,009)	6,760	–
30 June 2024			
Equity swaps	62,633	30,370	–
Options	6,819	–	–
Australian share price index futures	(705,300)	–	2,729

Risk exposures and fair value measurements

Information about the Company's exposure to price risk, credit risk, foreign exchange risk, interest rate risk and liquidity risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 4 to the financial statements.

Notes to the Financial Statement

Continued

12. Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are presented net in the Statement of Financial Position where the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Certain derivative and non-derivative financial assets and liabilities are subject to legally enforceable master netting arrangements and similar agreements, including International Swaps and Derivatives Association (ISDA) master netting agreements and Prime Brokerage agreements. These arrangements do not meet the criteria for offsetting in the Statement of Financial Position.

In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA and Prime Brokerage agreements are terminated, the termination value is assessed and only a net amount is payable in settlement of all transactions.

The tables below set out the carrying amounts of recognised financial assets and liabilities that are subject to the above arrangements, together with collateral held or pledged against these assets and liabilities as at 30 June 2025 and 2024:

	Gross amounts \$'000	Amounts set off in the Statement of Financial Position \$'000	Net amounts presented in the Statement of Financial Position \$'000	Amounts that do not meet offsetting criteria \$'000	Net amount \$'000
30 June 2025					
Derivative assets*					
<i>Australian share price index futures</i>	1,929	–	1,929	–	1,929
<i>Gold price index futures</i>	6,760	–	6,760	–	6,760
<i>Equity swaps</i>	1,450	–	1,450	–	1,450
Derivative liabilities*					
<i>Equity swaps</i>	(1,835)	–	(1,835)	–	(1,835)
Non-derivative asset / (liability)**					
Broker balances – asset/(liability)	1,405,149	–	1,405,149	(1,811,645)	(406,496)
30 June 2024					
Derivative assets*					
<i>Equity swaps</i>	30,370	–	30,370	–	30,370
Derivative liabilities*					
<i>Australian share price index futures</i>	(2,729)	–	(2,729)	–	(2,729)
Non-derivatives**					
Broker balances – asset/(liability)	853,773	–	853,773	(1,272,868)	(419,095)

* Cash collateral is provided for derivative contracts amounting to \$93,000,000 (2024: \$153,782,000). The cash collateral is held by the broker to meet the margin requirements and will be returned to the Company's main cash account on the close out of the derivative contracts. This is included in Other receivables, see note 9.

** Under the prime brokerage agreements, cash at broker amounting to \$1,405,149,000 (2024: \$853,773,000) does not qualify for offset against broker advances amounting to \$1,811,645,000 (2024: \$1,272,868,000).

13. Deferred Taxes

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Other temporary differences	4	163
Deferred tax assets	4	163
Deferred tax liabilities		
Net unrealised gains on investments	80,508	75,838
Other temporary differences	672	355
Deferred tax liabilities	81,180	76,193
Deferred tax (liabilities)/assets, net	(81,176)	(76,030)

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Movements:		
Deferred tax assets		
Opening balance	163	20,444
Debited/(Credited):		
Directly to profit or loss	(159)	(20,281)
Closing balance, Deferred tax assets	4	163
Deferred tax liabilities		
Opening balance	76,193	55,168
Debited/(Credited):		
Directly to profit or loss	4,987	21,025
Closing balance, Deferred tax liabilities	81,180	76,193
Closing balance, Deferred tax (liabilities)/assets, net	(81,176)	(76,030)

Notes to the Financial Statement

Continued

14. Other Payables

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Management fees payable	2,430	2,400
Performance fees payable	33,565	39,704
Interest payable	3,792	1,619
Due to brokers	46,920	43,238
Short dividends payable	2,815	1,412
Other payables	294	465
	89,816	88,838

Other payables are unsecured and are usually paid within 30 days of recognition.

Due to their short-term nature, the carrying amounts of other payables are reasonable approximations of their fair values.

15. Financial Liabilities at Fair Value through Profit or Loss

	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Australian share price index futures	–	2,729
Equity swaps	1,835	–
Australian listed equity securities	1,046,662	760,085
International listed equity securities	83,802	355,283
Total financial liabilities at fair value through profit or loss	1,132,299	1,118,097

When the Company sells securities it does not possess, it has to cover this short position by acquiring securities at a later date and is therefore exposed to price risk of those securities sold short. The sales agreement is usually settled by delivering borrowed securities. However, the Company is required to return those borrowed securities at a later date.

16. Issued Capital

(a) Share capital

	Notes	30 June 2025	30 June 2024	30 June 2025	30 June 2024
		Shares '000	Shares '000	\$'000	\$'000
Ordinary Shares	16(c)	628,940	622,413	1,303,069	1,284,436

16. Issued Capital (continued)

(b) Movements in issued capital

	Notes	Shares '000	\$'000
Opening balance – 30 June 2024	16(d)	622,413	1,259,096
Dividend reinvestment		6,527	18,632
Closing balance – 30 June 2025		628,940	1,277,728
Opening balance – 30 June 2023	16(d)	616,618	1,242,522
Dividend reinvestment		5,795	16,574
Closing balance – 30 June 2024		622,413	1,259,096

(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 remained in place during the year and has been renewed for a period up until 29 May 2026. No shares were bought back over the year ended 30 June 2025 (2024: Nil). The Company has the discretion to buy back shares when market conditions and share prices are appropriate.

Under the Investment Management Agreement (IMA), the owners of the Investment Manager will reinvest their after-tax proceeds from any performance fees (Performance Fee Reinvestment Amount) into shares in the Company. The Company will determine whether to issue new shares or the owners of the Investment Manager will acquire shares on-market based on the criteria set-out in the IMA. During the reporting year, there was no reinvestment of performance fee, consequently the Company issued no ordinary shares. 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.

(e) Capital risk management

The Board of Directors will actively manage the capital of the Company. The overriding intention is to deliver value to shareholders.

To achieve this, the Board monitors the monthly NTA results, investment performance, the Company's indirect cost ratio and share price.

The Company is not subject to any externally imposed capital requirements.

17. Dividends

(a) Dividend rate

On 23 August 2024, the Directors declared a fully franked final dividend of 6.00 cents per share with record date of 10 September 2024 and paid to the shareholders on 1 October 2024.

On 28 February 2025, the Directors declared a fully franked interim dividend of 6.25 cents per share with record date of 18 March 2025 and paid to the shareholders on 7 April 2025.

On 27 August 2025, the Directors declared a fully franked final dividend of 6.50 cents per share with record date of 16 September 2025 and payable to the shareholders on 7 October 2025.

Notes to the Financial Statement

Continued

17. Dividends (continued)

(b) Dividend franking account

	2025 \$'000	2024 \$'000
The amount of franking credits for subsequent financial years are:		
• Franking account balance as at the end of the financial year at tax rate of 30% (2024: 30%)	197,889	225,955
• Franking credits that will arise from franked dividends receivable as at the end of the financial year	–	42
• Franking credits that will arise from the payment/(refund) of income tax payable/ (prepaid) the end of the financial year	(6,607)	(37,087)
	191,282	188,910
The amount of franking credits available for future reporting periods:		
• Impact on the franking credit account of the dividend declared but not recognised as a liability at the end of the financial year at tax rate of 30% (2024: 30%)	(17,520)	(16,005)
	173,762	172,905

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

18. 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.

Movement in Dividend Profit Reserve	As at	
	30 June 2025 \$'000	30 June 2024 \$'000
Balance at the beginning of the year	809,292	708,535
Transferred from current period profits	99,518	170,290
Dividend declared	(76,437)	(69,533)
Closing balance at the end of the year	832,373	809,292

Since the Company incurred a loss during the half-year ended 31 December 2024, no transfers have been made to the dividend profit reserve for the half-year ended 31 December 2024. The transfer of \$99,518,000 was made to the reserve on 30 June 2025 which is in line with the board resolution dated 30 June 2025.

The balance of the dividend profit reserve as of 30 June 2025 is \$832,373,000 (2024: \$809,292,000).



19. Key Management Personnel Disclosures

(a) Key management personnel compensation

	Year ended	
	30 June 2025 \$'000	30 June 2024 \$'000
Short-term employee benefits	400,238	386,834
Post-employment benefits	21,762	20,166
	422,000	407,000

Detailed remuneration disclosures are provided in the remuneration report.

(b) Equity instrument disclosures relating to key management personnel

Shareholdings

The number of shares in the Company held during the financial year by each Director of the Company and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	Balance at the start of the year	Acquisitions	Disposals	Balance at end of the year
30 June 2025	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Directors of L1 Long Short Fund Limited				
Andrew Larke	1,208,275	103,521	–	1,311,796
John Macfarlane	696,019	30,180	–	726,199
Harry Kingsley	27,840	1,207	–	29,047
Raphael Lamm*	47,169,002	2,643,546	–	49,812,548
Mark Landau*	50,147,726	2,772,707	–	52,920,433
	99,248,862	5,551,161	–	104,800,023
30 June 2024				
Directors of L1 Long Short Fund Limited				
Andrew Larke	1,064,018	144,257	–	1,208,275
John Macfarlane	669,431	26,588	–	696,019
Harry Kingsley	26,777	1,063	–	27,840
Raphael Lamm*	42,212,443	4,956,559	–	47,169,002
Mark Landau*	45,424,653	4,723,073	–	50,147,726
	89,397,322	9,851,540	–	99,248,862

* Raphael Lamm and Mark Landau have an interest in the shares held by L1 Employees Remuneration Trust and L1 Investment Trust by virtue of s608(1) of the Corporations Act 2001.

Ordinary shares held by the following Directors are subject to voluntary escrow for a period which is the shorter of:

(a) the period of 10 years from the date that the Company is listed on the exchange or (b) the duration of the Investment Management Agreement:

- Raphael Lamm: 17,785,179 shares (2024: 17,785,179 shares)
- Mark Landau: 17,785,179 shares (2024: 17,785,179 shares)

All of the key management personnel held shares during the years ended 30 June 2025 and 30 June 2024.



Notes to the Financial Statement

Continued

20. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	Year ended	
	30 June 2025 \$	30 June 2024 \$
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report	76,800	74,500
Fees for assurance services that are required by legislation to be provided by the auditor		
• Review of the half-year financial report	19,900	19,300
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
• Agreed-upon-assurance procedures on investment mandate compliance	15,200	13,900
• Agreed-upon-assurance procedures on performance fees	28,700	27,800
• Controls report on tax	37,000	37,000
• Tax advisory services	15,000	–
• Reasonably Arguable position paper on GST	15,000	–
• Sustainability Reporting – Gap assessment	50,000	–
Total fees to Ernst & Young (Australia)	257,600	172,500
Fees to other overseas member firms of Ernst & Young (Australia)	–	–
Total auditor's remuneration	257,600	172,500

The Investment Manager, on behalf of the Company, records and pays income tax return filing services of Ernst & Young. The Company's Audit and Risk Committee oversees the relationship with the Company's External Auditors. The Audit and Risk Committee reviews the scope of the audit and the proposed fee.

21. Contingent Assets and Liabilities and Commitments

The Company had no contingent assets, liabilities or commitments as at 30 June 2025 (2024: Nil).

22. Related Party Transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 19.

(b) Transactions with other related parties

All transactions with related entities were made under normal commercial terms and conditions at arm's length no more favourable than those available to other parties unless otherwise stated.

L1 Capital is entitled to be paid a management fee equal to 1.40% (plus GST) per annum of the value of the portfolio calculated daily.



22. Related Party Transactions (continued)

(b) Transactions with other related parties (continued)

Management fees (inclusive of the net impact of GST and Reduced Input Tax Credit ("RITC")) incurred during the year amounted to \$26,844,000 (2024: \$26,977,000) of which \$2,430,000 (2024: \$2,400,000) remained payable as at year end.

In addition, L1 Capital is entitled to be paid by the Company a fee equal to 20.00% (plus GST) 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 year amounted to \$33,284,000 (2024: \$58,326,000). Performance fees payable as of 30 June 2025 amounted to \$33,565,000 (2024: \$39,704,000).

The expense recoveries borne by the Company are paid directly to the service provider and are subsequently reimbursed by the Investment Manager. Expense recoveries include ASX fees, ASIC fees, custodian, administrator, tax professional fees and other expenses. Total amount reimbursed by the Investment Manager for the year ended 30 June 2025 was \$791,000 (2024: \$730,000), of which \$76,000 (2024: \$34,000) was receivable at year end.

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

23. Reconciliation of Profit After Income Tax to Net Cash Inflow/(Outflow) from Operating Activities

	Year ended	
	30 June 2025 \$'000	30 June 2024 \$'000
Profit for the year	99,518	170,290
Purchase of financial instruments at fair value through profit or loss	(5,562,204)	(6,598,522)
Proceeds from sale of financial instruments at fair value through profit or loss	5,728,820	6,208,707
Net gains on financial instruments at fair value through profit or loss	(283,267)	(314,636)
Dividend reinvestment from financial assets through profit or loss	244	46
Effects of foreign currency exchange rate changes on cash and cash equivalents	89,160	(9,160)
Change in operating assets and liabilities		
Decrease in other receivables	56,485	114,619
Decrease in prepaid income tax	30,480	74,448
Decrease in other current assets	97	57
Decrease in deferred tax assets	159	20,281
(Decrease)/Increase in other payables	(2,704)	29,524
Increase in deferred tax liabilities	4,987	21,025
Net cash inflow/(outflow) from operating activities	161,775	(283,321)

Notes to the Financial Statement

Continued

24. Profits Per Share

(a) Basic profits per share

	Year Ended	
	30 June 2025 Cents	30 June 2024 Cents
Basic profits per share attributable to the ordinary equity holders of the Company	15.91	27.49

(b) Diluted profits per share

	Year Ended	
	30 June 2025 Cents	30 June 2024 Cents
Diluted profits per share attributable to the ordinary equity holders of the Company	15.91	27.49

Diluted profits per share are the same as basic profits per share.

(c) Weighted average number of shares used as denominator

	Year Ended	
	30 June 2025 Number	30 June 2024 Number
Weighted average number of ordinary shares used as the denominator in calculating basic profits per share	625,496,078	619,382,752
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted profits per share	625,496,078	619,382,752

25. Events Occurring after the Reporting Period

On 27 August 2025, the Directors declared a fully franked final dividend of 6.50 cents per share with record date of 16 September 2025 and payable to the shareholders on 7 October 2025.

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 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 17 September 2025.

No other matter or circumstance that has occurred since the end of the 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 subsequent financial years.



26. Investment Portfolio (Long Positions) as at 30 June 2025 (Unaudited)

Company name

Adriatic Metals	Immutep
Airbus	James Hardie
Alcoa	JD Sports
Amplitude Energy	K92 Mining
Anteris Technologies	Light & Wonder
Artemis Gold	Lloyds Banking Group
Aurizon	Mcmillan Shakespeare
BlueScope Steel	Mineral Resources
Capstone Mining	National Bank of Greece
Cellnex Telecom	Natwest
Cenovus Energy	Nexgen Energy
Challenger	Nickel Mines
Chorus	Oceanagold
CK Hutchison	Orica
Compagnie De Saint	Peet
CRH	Perseus Mining
Dexus	Qantas Airways
Downer	Ryanair Holdings
Eldorado Gold	Santos
Equinox Gold	Solaris Resources
Finning International	Taseko Mines
Flight Centre	Viva Energy
Flutter Entertainment	Warrior Met Coal
Fraport	West African Resources
Getlink	Westgold Resources
Greatland Resources	Worleyparson
Hudbay Minerals	Zillow
Index	

Total Long Portfolio (\$'000)	3,501,461
Total Short Portfolio (\$'000)	1,132,299
Net Equity Portfolio (\$'000)	2,369,162



Consolidated Entity Disclosure Statement

For the year ended 30 June 2025

Disclosure of subsidiaries and their country of tax residency, as required by the *Corporations Act 2001*, does not apply to the Company as the Company is not required by accounting standards to prepare consolidated financial statements.

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Director's Declaration

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

- (a) the financial statements and notes set out on pages 20 to 54 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, 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 30 June 2025 and of its performance for the year ended on that date; and
- (b) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Joint Managing Directors of the Investment Manager required by section 295A of the *Corporations Act 2001*.

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



Andrew Larke
Independent Chairman
Melbourne
27 August 2025

Independent Auditor's Report

To the Members of L1 Long Short Fund Limited



**Shape the future
with confidence**

Ernst & Young
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GPO Box 67 Melbourne VIC 3001

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Independent auditor's report to the members of L1 Long Short Fund Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of L1 Long Short Fund Limited (the Company), which comprises the statement of financial position as at 30 June 2025, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Company's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Investment existence, valuation and classification

Why significant	How our audit addressed the key audit matter
<p>The Company has a significant investment portfolio consisting of securities in listed equities, exchange traded funds, equity swaps, and futures contracts.</p> <p>As at 30 June 2025, the values of these financial assets and financial liabilities as disclosed in Notes 10 and 15 of the financial report, were \$3,510,150,000 and \$1,132,299,000 respectively, which equate to 69% and 36% of the total assets and total liabilities of the Company.</p> <p>As disclosed in the Company's accounting policy in Note 2(j) of the financial report, these financial assets and financial liabilities are measured at fair value through profit or loss in accordance with the requirements of Australian Accounting Standards.</p> <p>Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and financial liabilities. Accordingly, existence and valuation of the investment portfolio were considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We obtained and considered the assurance report on the controls of the Company's administrator, in relation to the fund administration services for the year ended 30 June 2025 and assessed the auditor's competence and objectivity, and the results of their audit procedures.</p> <p>We independently obtained investment and cash confirmations from the Company's custodians, prime brokers, counterparties and banks.</p> <p>We assessed whether the fair values of financial assets and financial liabilities were determined in accordance with the relevant Australian Accounting Standards. Our procedures further included:</p> <ul style="list-style-type: none"> ▶ For listed securities; the values were agreed to independently sourced market prices; ▶ For derivatives; we recalculated their fair value based on independently sourced observable market inputs. <p>We assessed the adequacy of the disclosures included in Note 3, Note 4, Note 10, Note 11 and Note 15 to the financial report.</p>

2. Management and performance fees

Why significant	How our audit addressed the key audit matter
<p>Management and performance fees paid to L1 Capital Pty Ltd ("L1" or "the Manager") for the year ended 30 June 2025 totalled \$26,844,000 and \$33,284,000, which equates to 14% and 18% of total expenses respectively. The Company's accounting policy for management and performance fees is disclosed in Note 22 of the financial report.</p> <p>The management fee is calculated daily and paid monthly in arrears. The Manager is entitled to be paid a monthly management fee equal to 1.4% (plus GST) per annum of the value of the portfolio.</p>	<p>Our audit procedures included the following:</p> <p>We assessed the effectiveness of the relevant controls in relation to the calculation of management and performance fees of the Company's administrator which has responsibility for the calculations.</p> <p>We recalculated management and performance fees in accordance with relevant service arrangements including agreeing the contract rate to the calculations.</p> <p>We assessed the performance fee calculation, including testing the inputs into the calculation model, and assessed whether the calculation</p>

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Why significant	How our audit addressed the key audit matter
<p>Performance fees are recognised when the performance hurdles for the Company have been met at the end of the relevant measurement period, which is the date that the performance criteria are met, and the obligation has crystallised.</p> <p>The quantum of these expenses, the impact that market volatility can have on the recognition of performance fees and the complexity involved in the assessment of performance fee arrangements resulted in management and performance fees being considered a key audit matter.</p>	<p>was in accordance with the relevant services agreement.</p> <p>We assessed the adequacy of the disclosures included in Note 22 to the financial report.</p>

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2025 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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Independent Auditor's Report

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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of L1 Long Short Fund Limited for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'E Reekie'.

Emma Reekie
Partner
Melbourne
27 August 2025

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Shareholder Information

The shareholder information set out below was applicable as at 09 September 2025.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, are listed below.

A. Distribution of shareholders

Analysis of the number of shareholders by size of holding:

Holdings	Number of ordinary shares held	Number of shareholders	Percentage of shares on issue
1 – 1,000	417,262	887	0.07
1,001 – 5,000	10,482,248	3,239	1.67
5,001 – 10,000	27,947,306	3,627	4.44
10,001 – 100,000	223,100,581	7,935	35.47
100,001 – 100,000,000	366,992,379	513	58.35
	628,939,776	16,201	100.00

There were 122 holders of less than a marketable parcel of ordinary shares.

B. Twenty largest shareholders

The names of the twenty largest shareholders of quoted equity securities are listed below:

Rank	Holder name	Number of ordinary shares held	Percentage of shares on issue
1	Sylverly Pty Ltd	45,012,320	7.16
2	Cantone No. 2 Pty Ltd	39,483,902	6.28
3	BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	33,199,969	5.28
4	HSBC Custody Nominees (Australia) Limited	28,667,412	4.56
5	Citicorp Nominees Pty Limited	25,646,061	4.08
6	Netwealth Investments Limited <Wrap Services A/C>	22,228,021	3.53
7	Shomron Pty Ltd	10,441,241	1.66
8	Annaeus Pty Ltd	7,619,647	1.21
9	IOOF Investment Services Limited	6,626,357	1.05
10	Custodial Services Limited	5,461,112	0.87
11	Netwealth Investments Limited <Super Services A/C>	5,358,029	0.85
12	IOOF Investment Services Limited	4,773,827	0.76
13	NCSR Pty Ltd	3,596,512	0.57
14	The Ian Potter Foundation Limited	3,300,000	0.52
15	Wallbay Pty Ltd	3,214,067	0.51
16	HSBC Custody Nominees (Australia) Limited – A/C 2	2,841,819	0.45
17	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client>	2,645,351	0.42
18	Chabar Pty Ltd	2,440,902	0.39
19	Writeman Pty Limited	2,336,900	0.37
20	Neil Donald Delroy	2,280,920	0.36
		257,174,369	40.89

Shareholder Information

Continued

C. Substantial shareholders

The number of shares held by substantial shareholders and their associates are as follows:

Holder Name	Number of ordinary shares held	Percentage of shares on issue
Mark Landau, Sylverly Pty Ltd and associates	53,033,029	8.43%
Raphael Lamm, Cantone No. 2 Pty Ltd and associates	49,925,144	7.94%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

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.

E. Stock exchange listing

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.

F. Unquoted securities

There are no unquoted shares.

G. Securities subject to voluntary escrow

The ordinary shares below are subject to voluntary escrow for a period which is the earlier of 24 April 2028 or the duration of the Investment Management Agreement.

	Number of ordinary shares held
Cantone No. 2 Pty Ltd	15,285,179
Sylverly Pty Ltd	15,285,179
NCSR Pty Ltd	3,596,512
Shomron Pty Ltd	2,500,000
Annaeus Pty Ltd	2,150,000
Inkmore 2 Pty Ltd	1,798,256
Yerkes Pty Ltd	588,236
Billy Ray Pty Ltd	350,000
Jellk Pty Ltd	294,118





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