



L1 CAPITAL

Global Opportunities Fund

Quarterly Report | June 2020

Monthly Performance (net of fees) (%)

Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015						6.30	1.13	1.36	0.16	9.90	10.47	2.54	35.84
2016	1.43	0.71	1.26	1.25	0.72	0.78	2.21	1.54	0.83	1.47	2.59	2.14	18.28
2017	1.88	2.56	0.86	0.48	0.72	1.14	0.95	2.14	2.76	4.33	5.69	5.20	32.60
2018	4.07	0.92	1.02	0.41	1.23	0.87	0.23	0.95	1.36	0.30	0.26	0.08	12.27
2019	0.93	0.57	2.62	1.79	0.74	1.04	0.75	1.07	0.76	0.10	0.46	1.35	12.85
2020	2.92	1.46	1.02	3.32	4.30	16.89							32.88

The L1 Capital Global Opportunities Master Fund returned 26.0% for the quarter (after fees), with broad based, strong performance across structured equity financing (convertibles and share/warrant transactions), IPO participation and trading.

The 2020 calendar year to date return of 32.9% for the Fund compares favourably to MSCI World Index (-6.6%) and the HFRX Global Hedge Fund Index (-1.2%), further highlighting the uncorrelated returns generated by the Fund. According to Eurekahedge, the Fund is ranked in the top 5% out of multi-strategy hedge funds globally on a 2020 calendar year-to-date basis.

Some of the key drivers of performance over the quarter include:

- **Elevated equity market volatility:** The Fund was able to capitalise on greater market volatility to drive higher trading profits and monetize our book of biotech warrants. Volatility is generally beneficial for the Fund with material share price swings allowing the Fund to capture additional hedging returns on short-term price dislocations.
- **Precious metals financing:** Demand for growth capital from gold and silver junior companies increased over the period, driven by a more supportive macro backdrop and record high commodity prices. The Fund executed a number of favourable transactions over the quarter. We believe the market tailwinds will likely continue over the medium term, providing ongoing opportunities for the Fund.
- **Heightened M&A activity amongst SPACs:** The Fund maintains a book of investments in Special Purpose Acquisition Companies (SPACs). SPACs raise capital for the purpose of acquiring an existing company and are effectively cash shells until an acquisition is announced and later settled. With heightened M&A activity, some SPACs have outperformed with the market reacting positively to announced acquisitions. Some of the positive investments include: VectorIQ (VTIQ) which announced the acquisition of Nikola Corporation, the hydrogen-electric truck manufacturer and Netfin (NFIN) which announced the acquisition of Triterras, a commodity trading and trade finance platform.
- **Recapitalization funding:** With the COVID-19 crisis, certain sectors have seen an outsized impact on their business models including the travel, transport and leisure segments. Over the quarter we profitably financed a number of US listed Greek shipping companies as they sought to recapitalize their balance sheets.

We have been actively looking for further recapitalization related investment opportunities, however, central bank stimulus measures, accommodative financing terms and easier access to equity markets (e.g. the ASX increasing placement capacity limits from 15% to 25%) have made this more difficult. Whilst company fundamentals continue to deteriorate, balance sheets remain supported by these temporary measures. The Fund believes these conditions will normalise and in the interim we remain disciplined on our return metrics and focus on downside protection.

We continue to manage the Fund with a focus on capital preservation and company specific optionality whilst minimising risk in the form of actively hedging market and credit risk where possible. The strong performance over the quarter highlighted the benefits of this strategy, with the Fund able to crystallise some of the optionality from investments executed pre-COVID whilst minimising market risk. The Fund's diversified capital markets strategy means we are not reliant on one financial market or segment of the capital structure. We are in constant dialogue with companies and capital markets intermediaries for transaction opportunities and remain selective.

Thank you for your continued support. We continue to be optimistic about the opportunities available globally and look forward to updating you on our progress.



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Performance Summary

Time Period	Performance (Net %)
Three months	25.97
One year	38.97
Two years (p.a.)	24.41
Three years (p.a.)	27.44
Five years (p.a.)	27.54
Since inception (p.a.)	28.54
Since inception (cumulative)	258.73

Note: Performance stated after all fees. Inception date: 1 June 2015. Past performance is not predictive of future returns.

Strategy

The Fund aims to utilise primary market transaction processes to generate superior returns with a strong focus on capital preservation and risk management. The Fund will maintain a minimal exposure to market risk and offer investors uncorrelated returns through company specific optionality.

L1 Capital – Company Profile

The L1 Capital Global Opportunities Fund is a Cayman based hedge fund established in 2015 and is part of the L1 Capital Group. The investment team is based in New York.

L1 Capital (Australia) is a specialist boutique fund manager established in 2007 committed to offering best of breed investment products. The L1 Capital Group manages money for a range of wholesale investors including superannuation funds, financial planning groups, endowment funds, family offices, as well as high net worth and retail investors. L1 Capital (Australia) manages an Australian Equities Fund (one of the best performing large cap Australian equities funds since its inception in 2007) as well as the L1 Capital Long Short Fund (launched in September 2014). L1 Capital also manages highly performing strategies in Australia Equities, Long Short equities, International equities and UK Residential Property.

David Feldman – Biography

David Feldman is the Portfolio Manager of the L1 Capital Global Opportunities Fund. David was most recently a portfolio manager at Hudson Bay Capital investing across the capital structure. During his 3 years at Hudson Bay Capital, David produced strong investment returns, while using investment strategies designed for capital preservation. The investment focus included events, convertibles and new issues. He invested in multiple geographies and was responsible for trading the non-US positions in his book. From 2004 to 2011, David worked at UBS in Sydney and New York in various roles as an investor and investment banker.

His experience includes underwriting equity, convertible and debt securities; and mergers and acquisitions. In 2006, he helped establish a new proprietary investment business for the investment bank focusing on pre-IPO investments and structured equity investments in publicly listed companies. He began his professional career with The Boston Consulting Group in Melbourne as an analyst advising large companies on strategic initiatives. He graduated from Monash University in 2000 with a Bachelor of Commerce and Law (Honours).



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Fund Information

Class Name	L1 Capital Global Opportunities Fund
Structure/Domicile	Cayman Island Master Feeder/Cayman Island
Currency	USD
Inception	1 June 2015
Management Fee	2%
Performance Fee	20%
High Watermark	Yes
ISIN	KYG555361099
Minimum Investment	USD\$250,000
Subscription Frequency	Monthly
Redemption Frequency	Six Months

Service Providers

Prime Broker	Credit Suisse
Supplementary prime brokers	Pershing, Fidelity, Fifth Third Bank
Administrator	Apex
Auditor	Ernst & Young
US Legal Advisor	Alston & Bird
Cayman Legal Advisor	Maples and Calder



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Information contained in this publication

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