

# **L1 Capital International Fund**

ARSN 631 094 141

## **Annual report For the year ended 30 June 2024**

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ARSN 631 094 141

## Annual report For the year ended 30 June 2024

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This annual report covers L1 Capital International Fund as an individual entity.

The Responsible Entity of L1 Capital International Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street  
Melbourne, VIC 3000.

## Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of L1 Capital International Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

### Principal activities

The Fund invests in a diversified portfolio of international shares in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

The various service providers of the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	L1 Capital International Pty Limited
Custodian, Administrator and Registrar	Apex Fund Services Pty Ltd (an Apex Group Company)*
Statutory Auditor	Ernst & Young

\*During the year administration services has been transferred from Apex Fund Services Pte. Ltd to Apex Fund Services Pty Ltd.

### Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)

### Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance for L1IF and Z Class was 22.19% (net of fees) for the year ended 30 June 2024. The Fund's benchmark, the MSCI World Net Total Return Index in AUD, returned 19.80% for the same period.

The return achieved by the Fund for the reporting period is calculated as the percentage movement in NAV/units on issue from 30 June 2023 to 30 June 2024.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2024	30 June 2023
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	62,606	58,452
<b>L1IF (formerly Daily Class)</b>		
Distributions paid and payable (\$'000)	2,117	-
Distributions (cents per unit)	5.1459	-
<b>Z Class</b>		
Distributions paid and payable (\$'000)	2,044	-
Distributions (cents per unit)	2.2310	-

## Directors' report (continued)

### Significant changes in the state of affairs

Andrew P Godfrey was appointed as a director of Equity Trustees Limited on 1 May 2024.

Philip D Gentry resigned as a director of Equity Trustees Limited on 6 June 2024.

On 22 November 2023, the Fund's Daily Class was made available as an Exchange Traded Managed Fund (ETMF), enabling the Daily Class investors to buy and sell units on the ASX under L1 Capital International Fund (Managed Fund), ASX Ticker: L1IF. As part of this listing, there was a three to one conversion of existing Daily Class units in the Fund on 17 November 2023 to receive units in L1 Capital International Fund (Managed Fund) ("L1IF").

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may have a significant effect on:

- i. the operations of the Fund in future financial years; or
- ii. the results of those operations in future financial years; or
- iii. the state of affairs of the Fund in future financial years.

### Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund 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.

### Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

The Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

### Fees paid to and interests held in the Fund by the Responsible Entity and its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 13 to the financial statements.

No fees were paid out of Fund's property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 13 of the financial statements.

### Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 6 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

### Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

**Directors' report (continued)**

**Rounding of amounts to the nearest thousand dollars**

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

**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 5.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by the Equity Trustees Limited's Board.



Andrew P Godfrey  
Director

Melbourne  
25 September 2024



**Building a better  
working world**

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## Auditor's Independence Declaration to the Directors of Equity Trustees Limited as Responsible Entity for L1 Capital International Fund

As lead auditor for the audit of the financial report of L1 Capital International Fund for the financial year ended 30 June 2024, 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 &amp; Young'.

Ernst & Young

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

Emma Reekie  
Partner  
Melbourne  
25 September 2024

**L1 Capital International Fund**  
**Statement of comprehensive income**  
**For the year ended 30 June 2024**

**Statement of comprehensive income**

	Note	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Income</b>			
Interest income from financial assets at amortised cost		351	18
Dividend income		4,798	2,856
Net foreign exchange gain/(loss)		(294)	(433)
Net gains/(losses) on financial instruments at fair value through profit or loss		67,468	58,924
Management fees and costs reimbursement	13	558	308
Other income		56	-
<b>Total income/(loss)</b>		<b>72,937</b>	<b>61,673</b>
<b>Expenses</b>			
Management fees and costs		3,763	2,666
Performance fees	13	2,174	-
Withholding taxes		760	515
Transaction costs		210	19
Foreign tax expense		3,413	-
Other expenses		11	21
<b>Total expenses</b>		<b>10,331</b>	<b>3,221</b>
<b>Profit/(loss) before finance costs attributable to unit holders for the year</b>		<b>62,606</b>	<b>58,452</b>
<b>Finance costs attributable to unit holders</b>			
Distributions to unit holders	7	(4,161)	-
(Increase)/decrease in net assets attributable to unit holders	6	(58,445)	(58,452)
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Statement of financial position**

	Note	As at	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Assets</b>			
Cash and cash equivalents	8	16,985	6,237
Receivables	10	1,475	241
Financial assets at fair value through profit or loss	5	393,894	289,449
<b>Total assets</b>		<b>412,354</b>	<b>295,927</b>
<b>Liabilities</b>			
Distributions payable	7	4,161	-
Payables	11	4,452	1,091
Due to brokers - payable for securities purchased		1,093	-
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>9,706</b>	<b>1,091</b>
<b>Net assets attributable to unit holders - liability</b>	6	<b>402,648</b>	<b>294,836</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*



**Statement of changes in equity**

	Note	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Total equity at the beginning of the financial year</b>		-	-
<b>Comprehensive income for the financial year</b>			
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
<b>Total comprehensive income</b>		-	-
<b>Transactions with unit holders</b>			
Applications		-	-
Redemptions		-	-
Distributions paid and payable		-	-
<b>Total transactions with unit holders</b>		-	-
<b>Total equity at the end of the financial year*</b>		-	-

\*Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the year.

*The above statement of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2c and 6.*

## Statement of cash flows

	Note	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale/maturity of financial instruments at fair value through profit or loss		161,194	63,286
Payments for purchase of financial instruments at fair value through profit or loss		(197,078)	(106,290)
Interest income received from financial assets at amortised cost		351	18
Dividends and distributions received		4,126	2,316
Management fees and costs reimbursement received		516	300
Other income received		56	-
Tax expenses paid		(142)	-
Management fees and costs paid		(3,940)	(2,457)
Performance fees paid		(2,150)	-
Transaction costs paid		(210)	(19)
Other expenses paid		(8)	(52)
<b>Net cash inflow/(outflow) from operating activities</b>	9(a)	<b>(37,285)</b>	<b>(42,898)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unit holders		145,427	73,307
Payments for redemptions by unit holders		(97,100)	(35,783)
Distributions paid to unit holders		-	(101)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>48,327</b>	<b>37,423</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11,042</b>	<b>(5,475)</b>
Cash and cash equivalents at the beginning of the year		6,237	12,145
Effect of foreign currency exchange rate changes on cash and cash equivalents		(294)	(433)
<b>Cash and cash equivalents at the end of the year</b>	8	<b>16,985</b>	<b>6,237</b>
Non-cash operating and financing activities	9(b)	-	15

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial statements

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## 1. General information

These financial statements cover L1 Capital International Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 1 February 2019 and will terminate in accordance with the provisions of the Fund's Constitution or by law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

On 22 November 2023, the Fund's Daily Class was made available as an Exchange Traded Managed Fund (ETMF), enabling the Daily Class investors to buy and sell units on the ASX under L1 Capital International Fund (Managed Fund), ASX Ticker: L1IF. As part of this listing, there was a three to one conversion of existing Daily Class units in the Fund on 17 November 2023 to receive units in L1 Capital International Fund (Managed Fund) ("L1IF").

The Fund invests in a diversified portfolio of international shares in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund may also use derivative contracts to hedge significant currency exposure.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### 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 (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

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

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

#### ii. New and amended standards adopted by the Fund

The Fund has applied the following standards and amendments for the first time for its financial year beginning 1 July 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards – *Disclosure of Accounting Policies and Definition of Accounting Estimates* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

None of the other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

#### iii. New standards and interpretations not yet adopted

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

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

## **2. Summary of material accounting policies (continued)**

### **b. Financial instruments**

#### *i. Classification*

- Financial assets

The Fund 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 Fund classifies its assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, 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.

- Financial liabilities

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 (distribution payable, payables and due to brokers).

#### *ii. Recognition and derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### *iii. Measurement*

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value of 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how they fair value of financial instruments is determined, please see Note 4 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents and receivables, are carried at amortised cost.

## **2. Summary of material accounting policies (continued)**

### **b. Financial instruments (continued)**

#### *iv. Impairment*

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from brokers and receivables) at an amount equal to the lifetime expected credit losses 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 Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

#### *v. Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Fund 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.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

### **c. Net assets attributable to unit holders**

The Fund's units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund's own equity instruments; and the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

As this is a multi-class Fund, units are classified as financial liabilities as they do not meet the requirements of equity in accordance with AASB 132 *Financial Instruments: Presentation*.

### **d. 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 and 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.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represents the Fund's main income generating activity.

### **e. Income**

#### *i. Interest income*

Interest income from financial assets at amortised cost is recognised 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 measured at fair value through profit or loss.

## **2. Summary of material accounting policies (continued)**

### **e. Income (continued)**

#### *i. Interest income (continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes rate, including transaction costs and all other premiums or discounts.

Changes in fair value of financial instruments held at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

#### *ii. Dividends*

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

### **f. Expenses**

All expenses are recognised in the statement of comprehensive income on an accruals basis.

The management fees and costs covers certain ordinary expenses such as Responsible Entity fees, investment management fees, custodian fees, and administration and audit fees and other operating expense.

### **g. Income tax**

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

The Fund is subject to US income tax due to its investment in a Publicly Traded Partnership (PTP). The Fund has made a provision for estimated US income tax and recognises this under Payables in the statement of financial position and Foreign tax expense in the statement of comprehensive income.

The amount of tax withholding and any US tax paid, where applicable, will be disclosed as Foreign Income Tax Offset (FITO) in the unit holders' annual (AMMA) tax statement.

### **h. Distributions**

The Fund shall distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. For the year ended 30 June 2024 and 30 June 2023, the distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

### **i. Increase/decrease in net assets attributable to unit holders**

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

### **j. Foreign currency translation**

#### *i. Functional and presentation currency*

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's 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 translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

## **2. Summary of material accounting policies (continued)**

### **j. Foreign currency translation (continued)**

#### *ii Transactions and balances (continued)*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

### **k. Due to brokers**

Amount due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by year end.

### **l. Receivables**

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions 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.

### **m. Payables**

Payables include liabilities, accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

A separate distributions payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

### **n. Applications and redemptions**

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

### **o. Goods and services tax (GST)**

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### **p. Use of estimates and judgements**

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

For the majority of the Fund'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.

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model, which has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

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 and judgements. 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 refer to Note 4 to the financial statements.



## **2. Summary of material accounting policies (continued)**

### **q. Rounding of amounts**

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

### **r. Comparative revisions**

Comparative information has been 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 Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, L1 Capital International Pty Limited under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

### **a. Market risk**

#### *i. Price risk*

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchange. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

The Fund uses a defined process to research and analyse stocks to invest in. A further defined process is then used to determine the structure of the portfolio to meet the investments return and level of risk of the portfolio. Diversification across a range of securities and sectors helps to mitigate this risk.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio of the Fund moves by +/-10% (2023: +/-10%).

#### *ii. Foreign exchange risk*

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

The Investment Manager monitors this risk on an on-going basis. The Investment Manager manages risk on an absolute return basis in the reporting currency (i.e. Australian dollar), rather than the underlying currencies.

### 3. Financial risk management (continued)

#### a. Market risk (continued)

##### ii. Foreign exchange risk (continued)

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

	US Dollars A\$'000	Euro A\$'000
<b>As at 30 June 2024</b>		
<b>Monetary</b>		
Cash and cash equivalents	13,559	-
Receivables	20	-
<b>Total Monetary</b>	<b>13,579</b>	<b>-</b>
<b>Non-monetary</b>		
Financial assets at fair value through profit or loss	373,543	20,351
<b>Total Non-monetary</b>	<b>373,543</b>	<b>20,351</b>
<b>Net exposure</b>	<b>387,122</b>	<b>20,351</b>
<b>As at 30 June 2023</b>		
<b>Monetary</b>		
Cash and cash equivalents	5,429	-
Receivables	109	-
Payables	(142)	-
<b>Total Monetary</b>	<b>5,396</b>	<b>-</b>
<b>Non-monetary</b>		
Financial assets at fair value through profit or loss	273,304	16,145
<b>Total Non-monetary</b>	<b>273,304</b>	<b>16,145</b>
<b>Net exposure</b>	<b>278,700</b>	<b>16,145</b>

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% (2023: +/-10%) against the material foreign currencies to which the Fund is exposed.

##### iii. Cash flow and fair value interest rate risk

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

The Fund's main interest rate risk arises from its investments in cash holdings, net of broker advances. Interest income from cash holdings is earned at variable interest rates.

It is not possible for the Fund to manage interest rate risks (by fixing rates) as the Fund may need to draw on the cash at any point in time.

The table below summarises the Fund's exposure to interest rate risks at the end of the reporting period.

	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>As at 30 June 2024</b>			
<b>Financial assets</b>			
Cash and cash equivalents	16,985	-	16,985
Receivables	-	1,475	1,475
Financial assets at fair value through profit or loss	-	393,894	393,894
<b>Total financial assets</b>	<b>16,985</b>	<b>395,369</b>	<b>412,354</b>
<b>Financial liabilities</b>			
Distributions payable	-	4,161	4,161
Payables	-	4,452	4,452
Due to brokers - payable for securities purchased	-	1,093	1,093
<b>Total financial liabilities</b>	<b>-</b>	<b>9,706</b>	<b>9,706</b>
<b>Net exposure</b>	<b>16,985</b>	<b>385,663</b>	<b>402,648</b>

### 3. Financial risk management (continued)

#### a. Market risk (continued)

##### iii. Cash flow and fair value interest rate risk (continued)

	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2023			
Financial assets			
Cash and cash equivalents	6,237	-	6,237
Receivables	-	241	241
Financial assets at fair value through profit or loss	-	289,449	289,449
<b>Total financial assets</b>	<b>6,237</b>	<b>289,690</b>	<b>295,927</b>
Financial liabilities			
Payables	-	1,091	1,091
<b>Total financial liabilities</b>	<b>-</b>	<b>1,091</b>	<b>1,091</b>
<b>Net exposure</b>	<b>6,237</b>	<b>288,599</b>	<b>294,836</b>

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates on the Fund's operating profit and net assets attributable to unit holders through changes in fair value or changes in future cash flows. The analysis is based on the reasonably possible shift that the interest rates changed by +/- 100 basis points (2023: +/- 100 basis points) from the year end rates with all other variables held constant.

#### b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on net assets attributable to unit holders					
	Price risk		Interest rate risk		Foreign exchange risk	
	+10%	-10%	+100bps	-100bps	+10%	-10%
	\$'000	\$'000	\$'000	\$'000	US Dollar A\$'000	US Dollar A\$'000
As at 30 June 2024	39,389	(39,389)	170	(170)	1,358	(1,358)
As at 30 June 2023	28,945	(28,945)	62	(62)	540	(540)

#### c. Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying of these balances at the reporting date.

##### i. Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is cash and cash equivalents. None of these assets are impaired nor past due but not impaired.

##### ii. Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

### 3. Financial risk management (continued)

#### c. Credit risk (continued)

##### iii. Financial assets subject to AASB 9's impairment requirements

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Responsible Entity consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2024 and 30 June 2023, all receivables, amount due from brokers and cash 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. Responsible Entity considers 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 Fund.

The Fund manages credit risk by only entering into agreements with credit worthy parties.

At 30 June 2024, the credit ratings of the Fund's bank, sub-custodians and prime brokers as per Standard and Poor's were as follows:

	2024	2023
Australia and New Zealand Bank	AA-	AA-
National Australia Bank	AA-	AA-

#### d. Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holders' redemption requests.

The Fund manages liquidity risk by investing the majority of its assets in investments that can be readily disposed of.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemption during 2024 and 2023.

##### i. Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 1 month.

### 4. Fair value measurement

The Fund measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

- Financial assets at fair value through profit or loss (see Note 5)

The Fund 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:

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

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

#### a. Valuations using level 1 inputs

The fair value of financial instruments traded in active markets (such as listed equity securities) is based on their quoted market prices at the closing 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 Fund is the close price; the quoted market price for financial liabilities is the current asking price.

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.

#### 4. Fair value measurement (continued)

##### a. Valuations using level 1 inputs (continued)

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.

##### b. Recognised fair value measurements

The table below presents the Fund's financial assets measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2024</b>				
<b>Financial assets</b>				
International listed equity securities	393,894	-	-	393,894
<b>Total financial assets</b>	<b>393,894</b>	<b>-</b>	<b>-</b>	<b>393,894</b>
<b>As at 30 June 2023</b>				
<b>Financial assets</b>				
International listed equity securities	289,449	-	-	289,449
<b>Total financial assets</b>	<b>289,449</b>	<b>-</b>	<b>-</b>	<b>289,449</b>

##### c. Transfer between levels

Management'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 at the end of the reporting period.

##### d. Financial instruments not carried at fair value

The financial instruments not measured at fair value through profit and loss include:

- i. Cash and cash equivalents, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties; and
- ii. Net assets attributable to unit holders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unit holders approximates their fair value. Any difference is not material in the current year or prior year.

#### 5. Financial assets at fair value through profit or loss

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
International listed equity securities	393,894	289,449
<b>Total financial assets at fair value through profit or loss</b>	<b>393,894</b>	<b>289,449</b>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

## 6. Net assets attributable to unit holders - liability

The Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	Year ended 30 June 2024		Year ended 30 June 2023	
	Units '000	\$'000	Units '000	\$'000
<b>L1 Capital International Fund (Managed Fund) - L1IF (formerly Daily Class)</b>				
Opening balance	107,917	166,221	90,355	110,875
Applications	20,255	72,542	27,392	36,465
Redemptions	(16,918)	(43,795)	(9,830)	(13,132)
Consolidation of units*	(70,120)	-	-	-
Increase/(decrease) in net assets attributable to unit holders	-	35,216	-	32,013
<b>Closing balance</b>	<b>41,134</b>	<b>230,184</b>	<b>107,917</b>	<b>166,221</b>
<b>L1 Capital International Fund - Z Class</b>				
Opening balance	82,780	128,615	71,679	88,147
Applications	39,954	74,468	27,192	36,643
Redemptions	(31,116)	(53,848)	(16,103)	(22,629)
Reinvestment of distributions	-	-	12	15
Increase/(decrease) in net assets attributable to unit holders	-	23,229	-	26,439
<b>Closing balance</b>	<b>91,618</b>	<b>172,464</b>	<b>82,780</b>	<b>128,615</b>
<b>Total net assets attributable to unit holders</b>	<b>132,752</b>	<b>402,648</b>	<b>190,697</b>	<b>294,836</b>

\*On 22 November 2023, the Fund's Daily Class was made available as an Exchange Traded Managed Fund (ETMF), enabling the Daily Class investors to buy and sell units on the ASX under L1 Capital International Fund (Managed Fund), ASX Ticker: L1IF. As part of this listing, there was a three to one conversion of existing Daily Class units in the Fund on 17 November 2023 to receive units in L1 Capital International Fund (Managed Fund) ("L1IF").

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund.

There are two separate classes of units (30 June 2023: two separate classes of units) and each unit has the same rights attaching to it as all other units of the Fund. Except for different management fee rates, the two different classes have the same preferences and restrictions. Unit holders participate in distributions and the proceeds of winding up of the Fund in proportion to the number of units held.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

### Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to at least daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a weekly basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders.

## 7. Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended 30 June 2024		Year ended 30 June 2023	
	\$'000	CPU	\$'000	CPU
<b>L1IF (formerly Daily Class)</b>				
June (payable)	2,117	5.1459	-	-
<b>Total distributions</b>	<b>2,117</b>	<b>5.1459</b>	<b>-</b>	<b>-</b>

**7. Distributions to unit holders (continued)**

	Year ended 30 June 2024		Year ended 30 June 2023	
	\$'000	CPU	\$'000	CPU
<b>Z Class</b>				
June (payable)	2,044	2.2310	-	-
<b>Total distributions</b>	<b>2,044</b>	<b>2.2310</b>	<b>-</b>	<b>-</b>

**8. Cash and cash equivalents**

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash at bank	320	807
Cash at broker	16,665	5,430
<b>Total cash and cash equivalents</b>	<b>16,985</b>	<b>6,237</b>

**9. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities**

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
<b>a. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unit holders	58,445	58,452
Distributions to unit holders	4,161	-
Proceeds from sale/maturity of financial instruments at fair value through profit or loss	161,194	63,286
Payments for purchase of financial instruments at fair value through profit or loss	(197,078)	(106,290)
Net gains/(losses) on financial instruments at fair value through profit or loss	(67,468)	(58,924)
Net foreign exchange gain/(loss)	294	433
Net change in receivables	60	(64)
Net change in payables	3,107	209
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(37,285)</b>	<b>(42,898)</b>

**b. Non-cash operating and financing activities**

The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	-	15
<b>Total non-cash operating and financing activities</b>	<b>-</b>	<b>15</b>

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount for the year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

**10. Receivables**

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Dividends receivable	21	109
GST receivable	88	102
Management fees and costs reimbursement receivable	72	30
Application receivable	1,294	-
<b>Total receivables</b>	<b>1,475</b>	<b>241</b>

## 11. Payables

	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Management fees and costs payable	262	439
Performance fees payable	24	-
GST payable	-	11
Redemptions payable	574	31
Subscriptions received in advance	321	610
Deferred foreign tax liability	3,271	-
<b>Total payables</b>	<b>4,452</b>	<b>1,091</b>

## 12. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors of the Fund:

	Year ended	
	30 June 2024 \$	30 June 2023 \$
<b>Ernst &amp; Young</b>		
<i>Audit and other assurance services</i>		
Audit and review of financial statements	40,067	31,400
Total remuneration for audit and other assurance services	40,067	31,400
<i>Taxation services</i>		
Tax compliance services	21,964	17,397
Total remuneration for taxation services	21,964	17,397
<b>Total remuneration of Ernst &amp; Young</b>	<b>62,031</b>	<b>48,797</b>
<b>PricewaterhouseCoopers</b>		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,400	2,346
Total remuneration for audit and other assurance services	2,400	2,346
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>2,400</b>	<b>2,346</b>
<b>Total remuneration of auditors</b>	<b>64,431</b>	<b>51,143</b>

The auditors' remuneration is borne by the Fund. Fees are stated exclusive of GST.

## 13. Related party transactions

The Responsible Entity of L1 Capital International Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to L1 Capital International Pty Limited to act as Investment Manager for the Fund and Apex Fund Services Pty Ltd (an Apex Group Company) to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

### a. Key management personnel

#### i. Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)



**13. Related party transactions (continued)**

**a. Key management personnel (continued)**

*ii. Responsible Entity*

Other than fees paid to the Responsible Entity, there were no other transactions.

*iii. Other key management personnel*

There were no other key management with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

**b. Transactions with key management personnel**

There were no transactions with key management personnel during the reporting period.

**c. Key management personnel unit holding**

Key management personnel did not hold units in the Fund as at 30 June 2024 (30 June 2023: nil).

**d. Key management personnel compensation**

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

**e. Key management personnel loans**

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

**f. Other transactions within the Fund**

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving management personnel's interests existing at year end.

**g. Responsible Entity fees, Investment Manager's fees and other transactions**

The transactions during the year and amounts payable as at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Management fees for the year	3,146,067	2,213,064
Performance fees for the year	2,174,128	-
Responsible Entity fees for the year	85,565	67,126
Management fees reimbursement from Investment Manager for the year	558,046	307,686
Management fees payable at year end	237,653	233,132
Performance fees payable at year end	23,815	-
Responsible Entity fees payable at the year end	-	29,995
Management fees reimbursement receivable at year end	71,905	30,400

Under the terms of the Fund's Constitution and Product Disclosure Statement, management fees and costs includes responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Fund's Product Disclosure Statement for information on how management fees and costs are calculated.

Management fees reimbursed represent monies put into the Fund to ensure that the Fund's overall management costs remain within that disclosed in the Product Disclosure Statement.

Under the terms of the Fund's Constitution and Product Disclosure Statement, the Investment Manager is also entitled to receive a performance fee in relation to the performance of the fund. For information on how performance fees are calculated please refer to the Fund's Product Disclosure Statement.

### 13. Related party transactions (continued)

#### h. Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by the Investment Manager) hold units in the Fund, as follows:

Unit holders	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Fund (\$)
<b>As at 30 June 2024</b>						
Equity Trustees Limited ATF L1 Staff Remuneration Trust	142,392	509,144	0.24	366,752	-	-
Equity Trustees Limited ATF L1 Employees Remuneration Trust	440,054	345,013	0.16	29,563	(124,604)	-
Annaeus Pty Ltd ATF Mark Landau Family Trust	4,894,103	3,326,127	4.61	1,749,134	(3,317,110)	-
Shomron Pty Ltd ATF Lamm FM Family Trust	4,903,554	3,204,493	4.45	3,139,171	(4,838,232)	-
<b>As at 30 June 2023</b>						
Equity Trustees Limited ATF L1 Staff Remuneration Trust	-	142,392	0.08	142,392	-	-
Equity Trustees Limited ATF L1 Employees Remuneration Trust	466,660	440,054	0.23	-	(26,606)	570
Annaeus Pty Ltd ATF Mark Landau Family Trust	4,891,176	4,894,103	2.57	2,927	-	3,600
Shomron Pty Ltd ATF Lamm FM Family Trust	4,900,627	4,903,554	2.57	2,927	-	3,600

#### i. Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2023: nil).

### 14. Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2024 or on the results and cash flows of the Fund for the year ended on that date.

### 15. Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 6 to 25 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 Fund's financial position as at 30 June 2024 and of its performance for the financial period ended on that date.
- b. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- c. Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Andrew P Godfrey  
Director

Melbourne  
25 September 2024



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## Independent Auditor's Report to the unitholders of L1 Capital International Fund

### Opinion

We have audited the financial report of L1 Capital International Fund (the Fund), which comprises the statement of financial position as of 30 June 2024, the statement of 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, and the directors' declaration.

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

- a. Giving a true and fair view of the Fund's financial position as of 30 June 2024 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 or the auditor's report section of our report. We are independent of the Fund 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 the independence requirements of 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 or the auditor's 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.

1 Investment existence and valuation

Key information	Key audit matter
<p>The Fund has a significant investment portfolio consisting of international listed equity securities.</p> <p>As at 30 June 2024, the value of these financial assets as disclosed in note 10 of the financial report was 393,894,000, which equates to 95.52% of the total assets of the Fund.</p> <p>As disclosed in the Fund's accounting policy (note 2 b) of the financial report, these financial assets 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. Accordingly, existence and valuation of the investment portfolio was considered a key audit matter.</p>	<p>Our audit addressed the key audit matter</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ obtained and considered the assurance report on the controls of the Fund's administrator, in relation to fund administration services for the year ended 30 June 2024, and assessed the auditor's competence and objectivity and results of their audit procedures.</li> <li>▶ independently obtained investment and cash confirmations from the Fund's custodians, banks and prime brokers.</li> <li>▶ assessed whether the fair values of financial assets were determined in accordance with the requirements of the relevant Australian Accounting Standards. For listed securities, the values were agreed to independently sourced market prices.</li> </ul> <p>We assessed the adequacy of the disclosures included in note 4 and note 5 to the financial report.</p>

Management and Performance Fees

Key information	Key audit matter
<p>Management and performance fees paid to L1 Capital International Pty Limited (L1 or the Manager) for the year ended 30 June 2024 were 3,146,000 and 2,174,000, which equate to 30.45% and 21.04% of total expenses respectively. The Fund's accounting policy for management and performance fees is disclosed in note 2 f) of the financial report.</p> <p>Management fees are calculated daily and paid monthly in arrears. The Manager is entitled to be paid a monthly management fee of 1.20% (plus GST) and 0.55% (plus GST) per annum of the net asset value of the portfolio for the daily class series and class series of the Fund respectively.</p> <p>Performance fees are recognised when the performance hurdles for the Fund 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>Our audit addressed the key audit matter</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ assessed the effectiveness of the relevant controls in relation to the calculation of management and performance fees of the Fund's administrator, which has responsibility for the calculations.</li> <li>▶ recalculated management and performance fees in accordance with the relevant service arrangements, including agreeing the fee rates to the calculations.</li> <li>▶ assessed the performance fee calculation, including testing the inputs into the calculation model, and assessed whether the calculation was in line with the relevant Product Disclosure Statement and management agreement.</li> </ul> <p>We assessed the adequacy of the disclosures included in note 13 g) to the financial report.</p>

## Information other than the Financial Report and Auditor's Report Thereon

The directors of the Equity Trustees Limited (the Responsible Entity) are responsible for the other information. The other information comprises the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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 of the Responsible Entity for the Financial Report

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

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Fund'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 of the Responsible Entity either intend to liquidate the Fund 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.



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- ▶ 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 Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.
- ▶ Conclude on the appropriateness of the directors of the Responsible Entity's 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 Fund'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 Fund 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 of the Responsible Entity 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 of the Responsible Entity 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.

From the matters communicated to the directors of the Responsible Entity, 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.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

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

Emma C Reekie  
Partner  
Melbourne  
25 September 2024