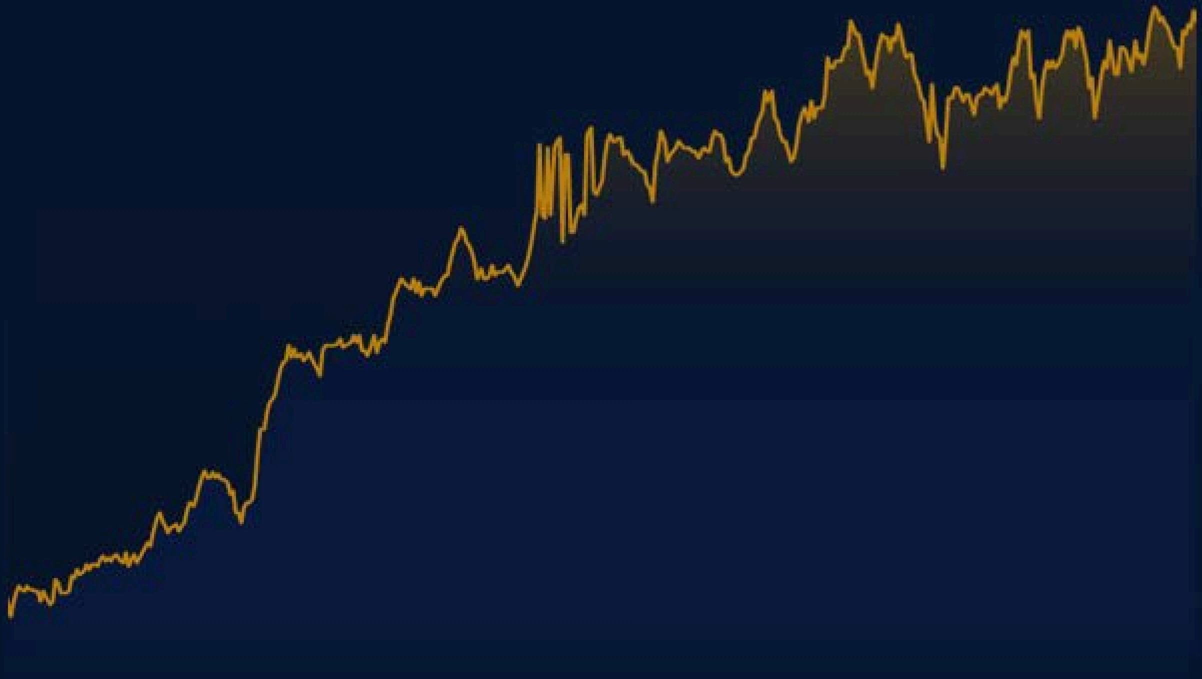
LISTED INVESTMENT COMPANIES (LIC)



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What is a Listed Investment Company (LIC)?

A listed investment company, or LIC, is a particular type of active investment fund. LICs are registered like public companies, and shares in LICs can be bought and sold over an exchange like the ASX.

As actively managed funds, LICs have a **professional manager who decides which assets the fund should buy and sell** and in what proportions.

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Key Takeaways

- A stable capital base can allow the manager to more **effectively implement their investment strategy**.
- The ability to **purchase LICs at a discount**, can provide potential for additional investment returns.
- LICs unique is they are '**closed-ended**'. This means there are restrictions on how many new shares they can create or cancel, so LICs can't just issue more shares if there is a surge in demand from investors.

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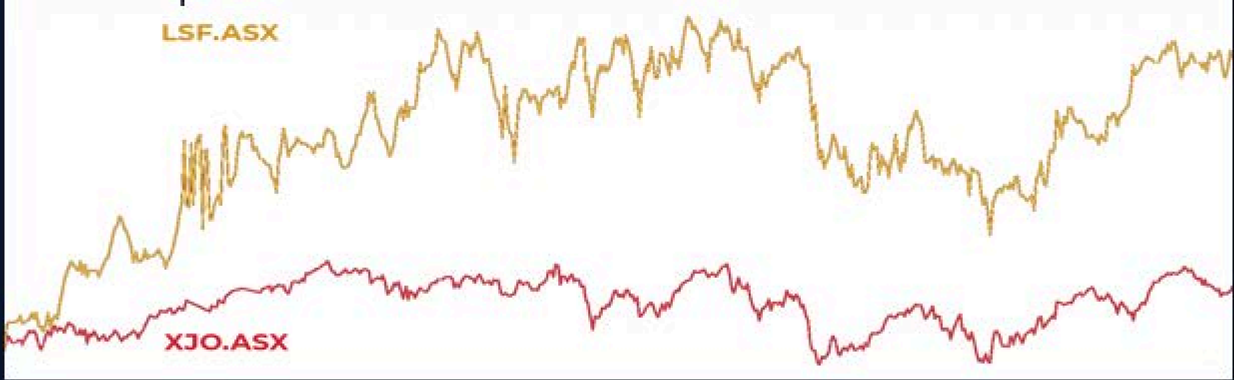
Examples of LIC

There are about 100 LICs listed on the ASX, most of which focus on investing in Australian and international shares.

These include the broad categories of:

- Australian shares funds
- International shares funds
- Private equity funds
- Specialist funds



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One being **LSF.ASX** the **L1 Capital LS Fund.**

LSF was established to invest in a portfolio of predominantly Australian and New Zealand Securities, with up to 30% invested in global securities.

Over the past 3 years, the portfolio has returned **30.2%1 p.a**. (ASX200AI 7.9% p.a.).

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Benefits

- LICs can also provide exposure to a large number of companies, and easy to **diversify your investments** through a single trade.
- Stability as the fund is managed for you, decisions are made to take advantage of market up’s and downs.
- Can offer **franked dividends**.

Drawbacks

- Actively managed LICs is they **often have higher fees** than ETFs.
- Less liquidity with buying or selling.

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