

Fund update

 L1 CAPITAL

# L1 Long Short Fund Limited (ASX:LSF)

April 2026

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# L1 Capital Funds | Business overview

## L1 Capital is a specialist investment manager founded in 2007 by Mark Landau and Rafi Lamm

- ‘L’ – Derived from the surnames of the founders (Lamm and Landau)
- ‘1’ – Genuine firm-wide aspiration to be the “best”, not just “good”
- Reputation for investment excellence and best of breed strategies
- All L1 Capital funds have delivered strong returns since inception
- Diverse client base – super funds, pension funds, asset consultants, financial planning groups, family offices, high net worth and retail



### People

Proven, high calibre and stable team



### Integrity

Ethical and professional in all respects



### Ownership

Majority owned by senior L1 staff



### Alignment

L1 staff invested alongside clients

**L1 Group manages FUM of \$17.0 billion<sup>1</sup>**

<sup>1</sup>. Historical FUM of L1 Group Limited (“L1G”) as at 31 March 2026, last disclosed on 14 April 2026.

# L1 Capital Funds | Investment-led culture



Source: Bloomberg and L1 Capital as at 31 March 2026. Please see important information at the end of this pack regarding MSCI indices. 1. L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). 2. Ranking amongst funds in Zenith Australian Shares – Long Short sector using FE Analytics data as at 31 March 2026. 3. L1 Capital Global Long Short Fund – Daily Class since inception (1 January 2026). 4. Data as at 28 February 2026. 5. Unhedged Class of the L1 Capital U.K. Residential Property Fund I, II, III and IV to 31 December 2025. Net of fees, including foreign income tax offset (FITO) distributed but before accrual of U.K. taxes. Investments can go up and down. Past performance is not predictive of future returns.

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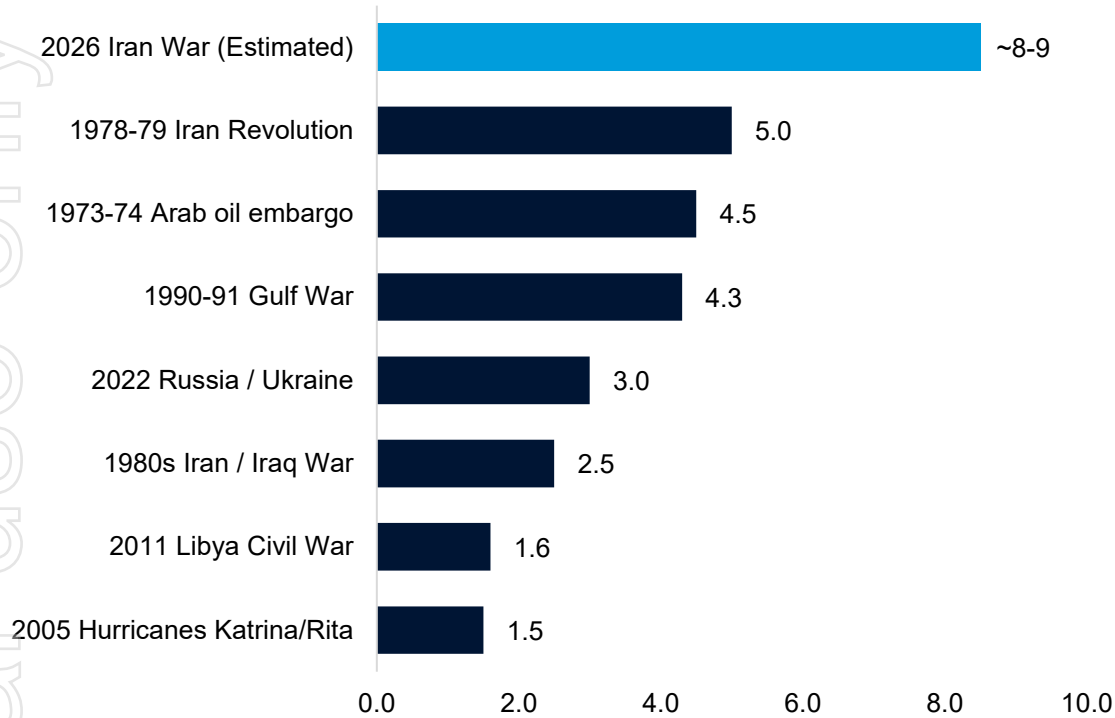
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# Equity market observations

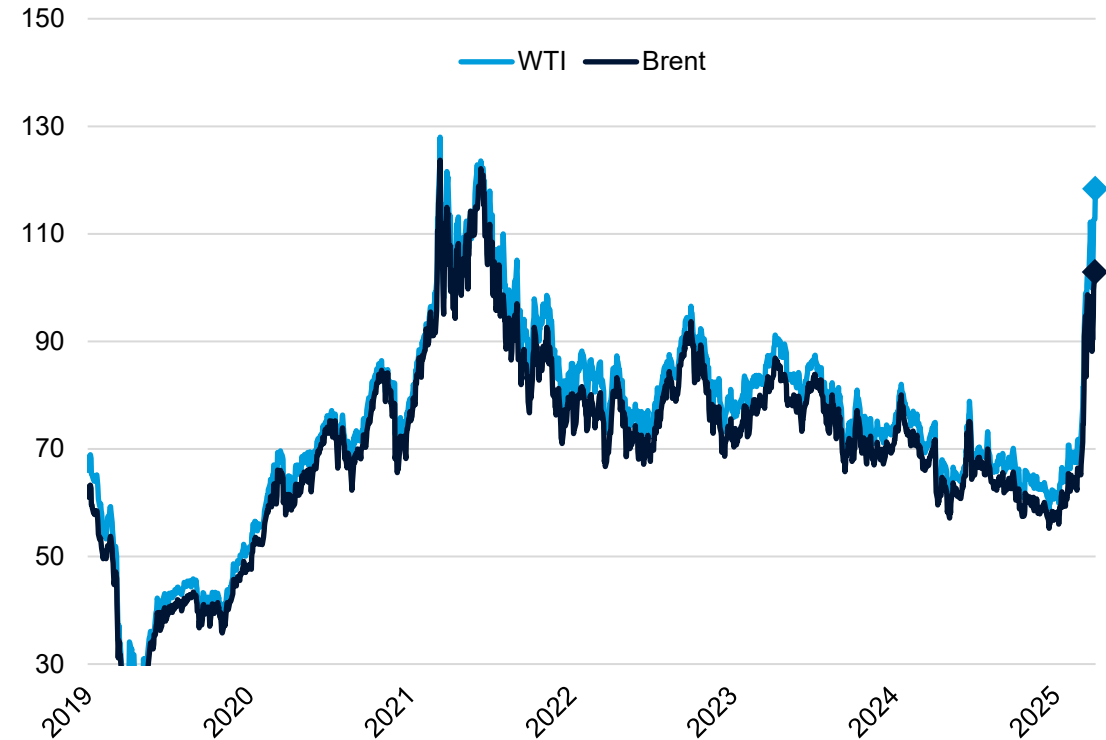


# Iran War has led to the worst oil supply shock in modern history

Scale of net supply loss (million barrels/day)



Movement in oil prices (US\$/oil barrel)

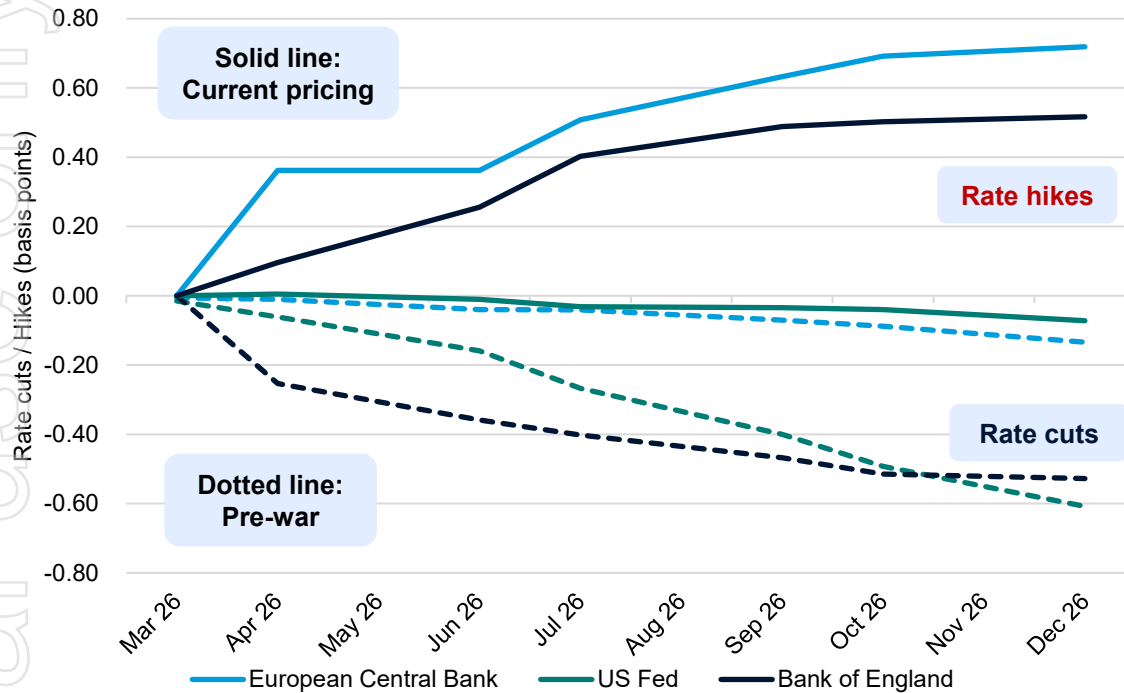


- Strait of Hormuz disrupted (~20% of global oil flow)
- Supply impact nearly double the 1978-79 Iran Revolution
- ~50% spike in Brent crude oil prices in ~2-3 weeks
- Energy shock impacting inflation and interest rate expectations

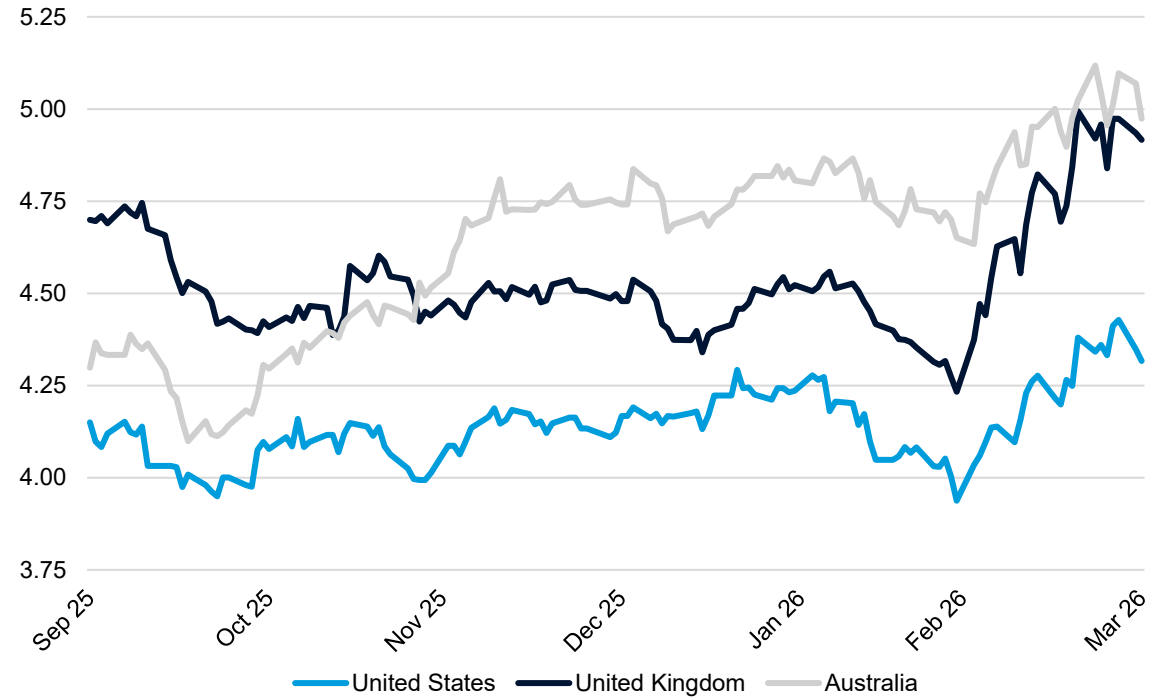
Sources: Left-chart – IEA, Bloomberg, NEF estimates. Right chart – Bloomberg as at 31 March 2026.

# Long-term yields have surged and interest rate expectations reset

Expected Central Bank interest rate path



10-year bond yields (%)



- Global policy pivot from rate cuts to rate hikes
- Fed futures repriced from 2-3 potential cuts to no cuts

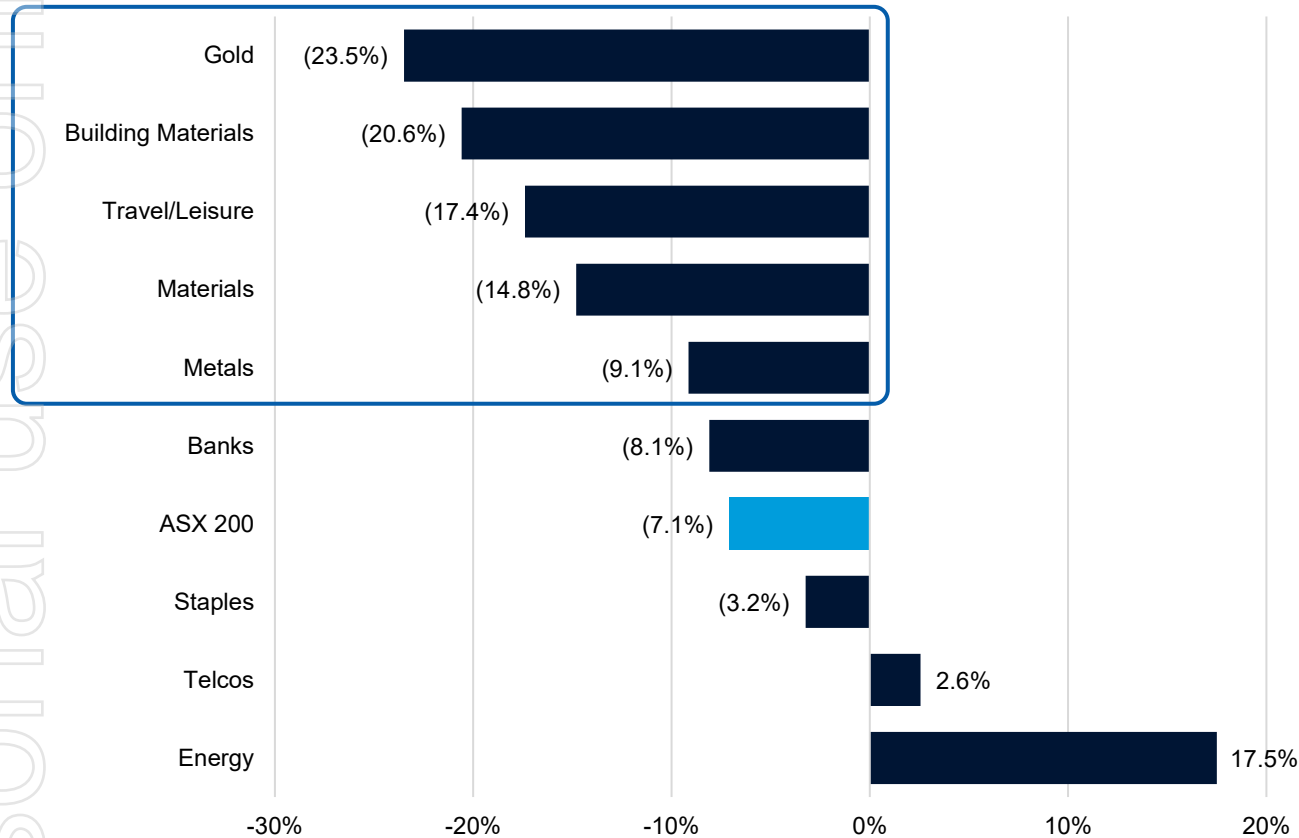
- Yields up 35-70bps in weeks, fastest repricing in recent cycles
- Inflation shocks overwhelming safe-haven demand

Sources: Bloomberg as at 31 March 2026.

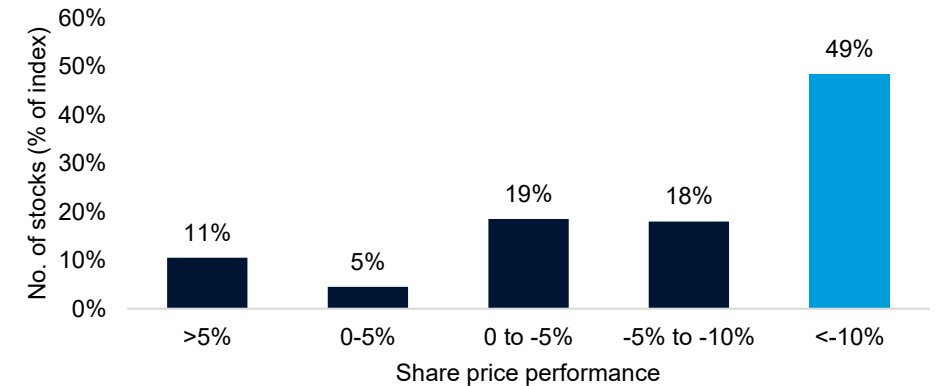
# Aggressive sell-off in gold, cyclicals and rate-sensitive sectors

## Index moves understate the extent and breadth of the correction

ASX200 sector returns – March 2026



ASX200 Stock performance – March 2026



- **Nearly half the stocks in the ASX200 were down over 10% in March**
- Average fall of those stocks ~17%
- Gold, resources and building materials impacted more significantly
- Energy stocks the only sector to deliver meaningful positive returns
- Defensive stocks relatively stable (Staples, Telcos)

Source: Goldman Sachs investment research, Factset as at 31 March 2026. Sector classification per Goldman Sachs, not based on GICS

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# Portfolio performance



# Best performing Australian long short strategy since inception<sup>1</sup>

## Strong absolute & relative performance

Pre-tax NTA Net Performance to 31 March 2026	L1 Long Short Portfolio	S&P/ASX 200 Accum. Index (AUD)	Outperformance
3 months	(0.2)	(1.6)	+1.4
1 year	44.7	11.7	+33.0
3 years p.a.	15.9	9.5	+6.3
5 years p.a.	16.1	8.6	+7.5
7 years p.a.	19.1	8.6	+10.5
ASX:LSF Since Inception p.a.	13.5	8.7	+4.8
Strategy Since Inception p.a. <sup>2</sup>	19.5	7.8	+11.6



### March quarter dominated by the War in Iran

- Strong start in January and February offset by drawdown in March

### Strong absolute & relative portfolio returns

- Double digit returns (net) over 1, 3, 5, 7 years and since inception
- Best performing Long Short Fund in Australia since inception

### Protected nearly 90% of investors' capital in 'ASX200 down' months

Positive absolute returns in 10 out of 11 years

Figures may not sum exactly due to rounding. Source: Apex Fund Services, Bloomberg and L1 Capital as at 31 March 2026. 1. Ranking amongst funds in Zenith Australian Shares – Long Short sector using FE analytics data as at 31 March 2026. 2. LSF (ASX:LSF) returns are calculated based on the movement of the underlying investment portfolio net of all applicable fees and charges since inception on 24 April 2018. LSF Strategy Since Inception returns are for the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). **Investments can go up and down. Past performance is not predictive of future returns.**

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# Portfolio positioning



# Key portfolio adjustments

## Major portfolio rotation designed to benefit from recent market volatility

Change in sector positioning vs. before the Iran War (arrow = change in portfolio net exposure over past month)



**Copper**



~20-25% sell-off, long-term supply/demand fundamentals remain strong



**Construction Materials**



~20-25% sell-off, impacted by rise in long-term bond yields, valuations and pent-up demand compelling



**Travel / Airlines**



~15-30% sell-off, fare increases & oil hedging mitigates some near-term oil price impact



**Gold**



~20-25% sell-off driven by technical factors & aggressive Turkish central bank selling of gold, fundamental backdrop for gold producers remains positive



**Infrastructure**



Trimmed exposure to specific infra names that rallied through the market sell-off



**Oil and Gas**

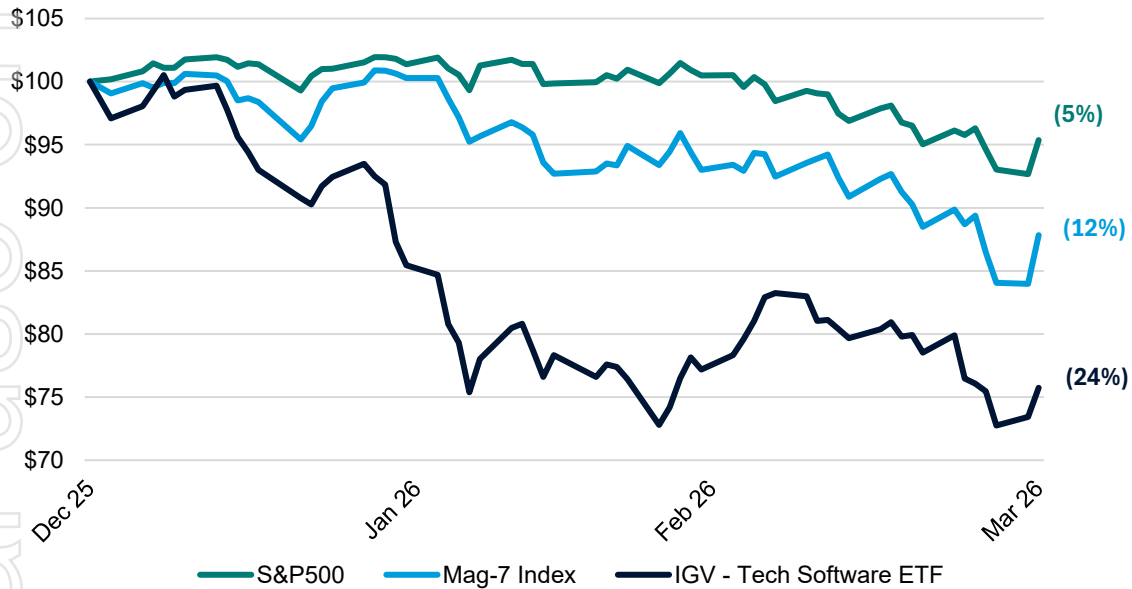


Took profits on energy stocks that rallied along with the oil price rise

# Portfolio positioning

## Navigating AI disruption risk

### Software / Mag-7 share price performance (March quarter)



- Mag-7 de-rating amid heightened investor scrutiny on AI capital intensity and the timing/visibility of returns
- Software sector negatively impacted by AI disintermediation concerns

Source: Factset as at 31 March 2026. Mag-7 index comprises Apple, Microsoft, Amazon, Alphabet, Meta, Nvidia and Tesla



### Portfolio positioning

#### Long book:

- No meaningful exposure to software sector
- No meaningful exposure to Mag-7 / hyper-scalers
- Long exposure to downstream beneficiaries of AI capex:
  - Energy (Uranium)
  - Resources (Copper)

#### Short book:

- Speculative AI companies that are overhyped & overvalued
- Legacy business models at risk from AI disruption

# Portfolio positioning

Focused on high quality, lower P/E stocks with strong cash flow and earnings growth

## Portfolio metrics (Median FY27)

	Longs
P/E	9.1x
EPS Growth YoY	12.7%
Free cash flow yield	8.3%
<b>Particularly compelling metrics and valuations vs. history</b>	



## Portfolio Metrics

- Low P/E multiples
- Strong earnings growth
- Large FCF generation
- Well diversified – by sector, geography and company size
- Lower correlation with index and peers (versus passive/long only)

Source: L1 Capital as at 31 March 2026. Portfolio metrics based on median stock position.

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# Portfolio themes



# Portfolio themes | Summary

We are invested in five key themes that we believe offer compelling, asymmetric risk-reward

## Copper



- Strong underlying supply/demand outlook for copper
- Recent sell-off provides opportunity to re-establish several compelling positions (sector de-rated ~25% in March)

**Taseko**

**CAPSTONE COPPER**

## Gold



- Despite recent pull back, underlying gold price environment highly supportive
- Gold equities trading on unusually low multiples, plus accelerating cashflow generation

**WESTGOLD**

**eldorado gold**

## Infrastructure



- Regulated assets with huge barriers to competition
- Predictable outlooks underpinned by regulation and long-term contracts
- Reliable and fast growing cashflows and dividends

**Fraport**

**AURIZON**

## Building products



- Pull back on higher long-term bond yields and softer demand
- Bottom of cycle valuations with asymmetric upside from normalisation of interest rates &/or consumer confidence

**CRH**

**JamesHardie**

## Banking



- Dominant, high-quality banks
- Large upside to fair value, strong EPS and dividend growth
- Conservative lending books and excess capital

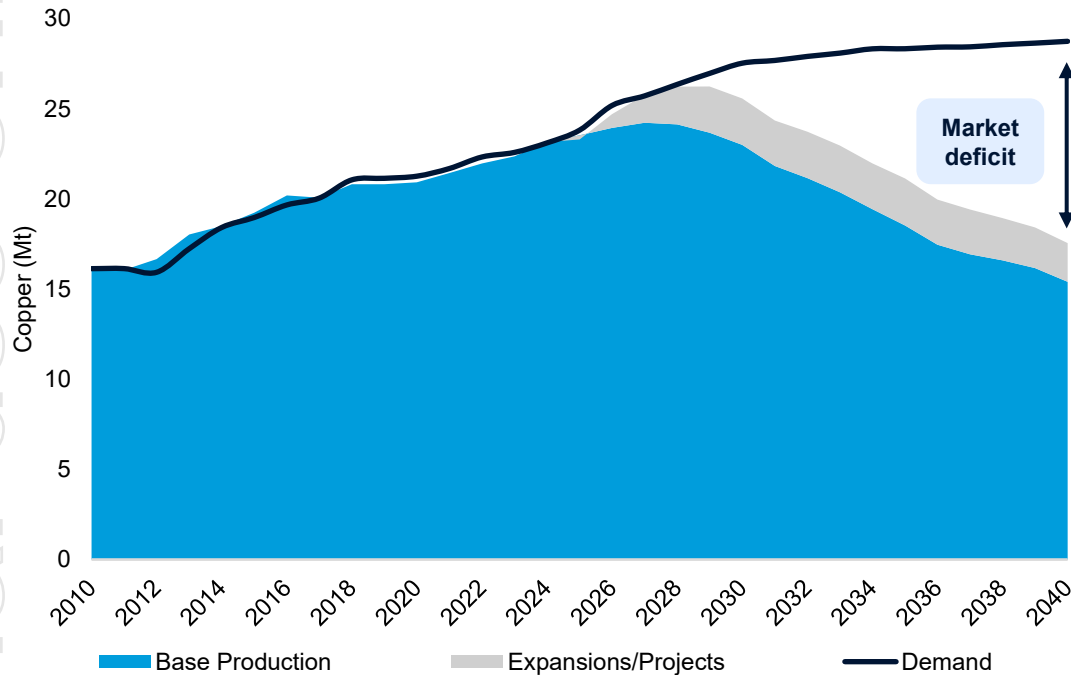
**LLOYDS BANK**

**NatWest Group**

# Portfolio themes | Copper

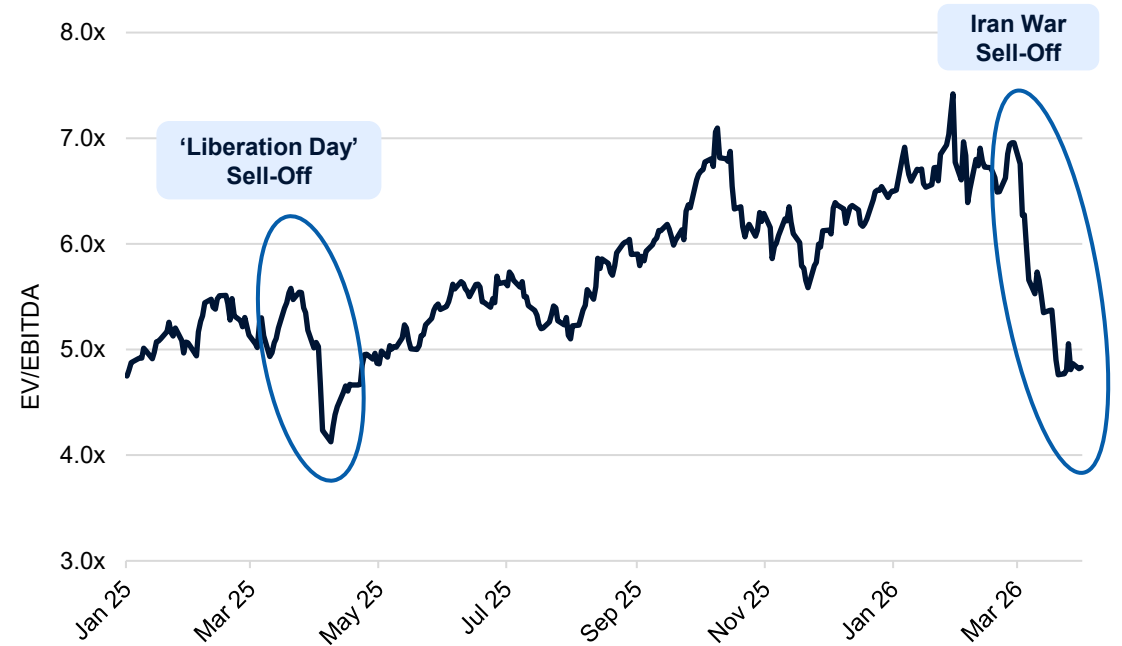
Long-term fundamental backdrop remains supportive despite recent equities de-rating

### Copper supply & demand outlook



- Supply deficits anticipated, AI-related demand surging
- Major supply response requires higher prices

### Copper miners EV / NTM EBITDA (x)<sup>1</sup>



- Copper equities have de-rated materially in 2026
- Valuations very attractive, trading at less than 5x EBITDA
- L1 aggressively buying copper stocks post recent sell-off

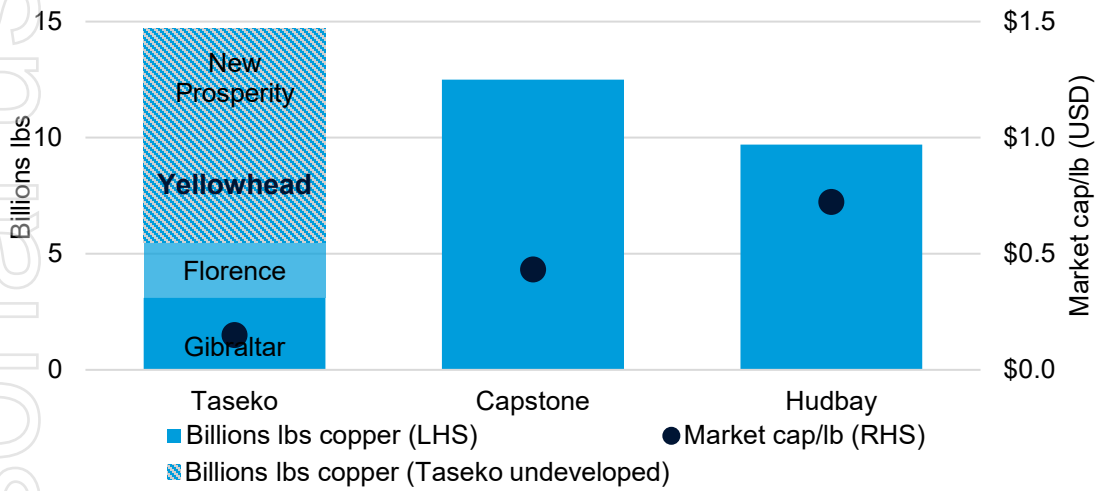
Source: Left chart – Woodmac. Right chart – Factset. 1. Average of copper mid-caps: HBM, CS and SFR.

# Portfolio themes | Copper



- Two producing assets in Canada and US, with production outlook of c.100ktpa copper
- Ramping up its low-cost Florence project in Arizona
- Generates C\$700m annual EBITDA run-rate (at \$4.50/lb copper) vs current C\$3.0bn market cap
- Two large scale underdeveloped Canadian copper / gold projects that represent 'free' optionality

## Significant value in copper reserve base

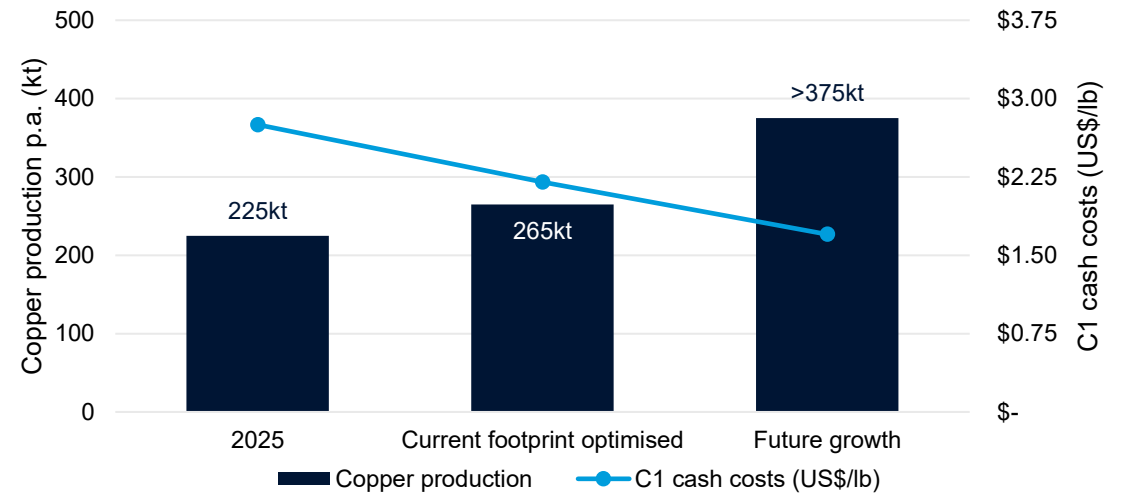


Sources: Left chart – Company filings, L1 analysis. Right chart – Capstone company filings.



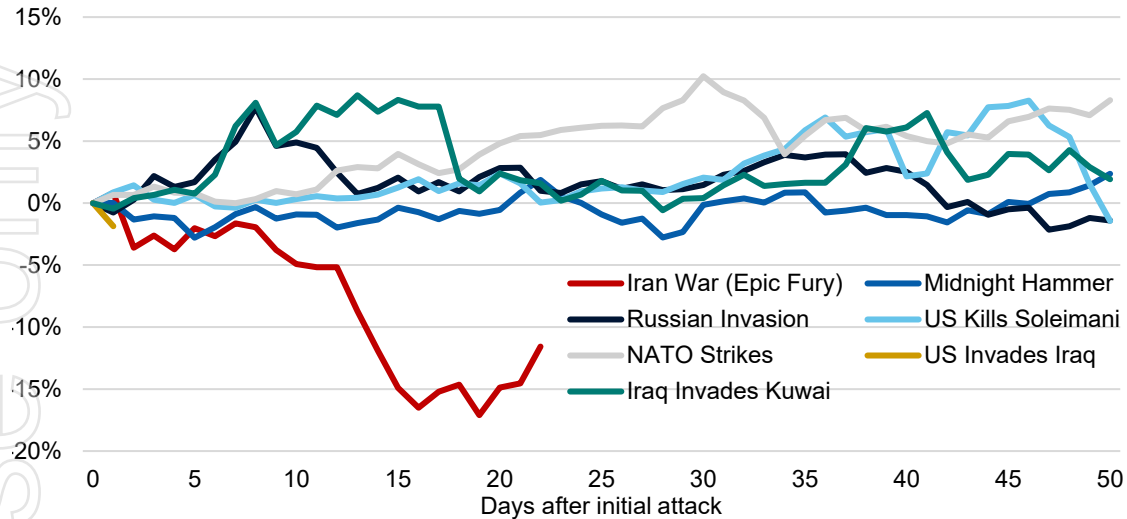
- Americas based assets with strong production growth
- Targeting Santo Domingo FID in 2H'26
- Pathway to grow production ~70% and materially improve unit costs
- ~3.5x CY27 EBITDA (excludes growth assets not yet in production)

## Copper production growth (kt)



# Portfolio themes | Gold

## Gold Performance during major regional military conflicts



## GDX 12M Forward P/E



Source: Top chart – Bloomberg. Bottom chart – Factset.

## Unusual gold price pullback in March (-12%):

- ETF outflows of >\$12bn, largest monthly outflow in 5 yrs
- Large scale profit taking & technical-driven selling
- Physical gold ETF flows negatively correlated with interest rates
- Selective sovereign selling of gold due to war: (e.g. Turkey sold ~120 tonnes or ~US\$20bn of gold)

## Long term drivers of gold price remain supportive:

- Central bank buying, fiscal deficits & elevated geopolitical risks
- Significant speculative positions now cleared

## Gold mining equities are highly compelling:

- Gold miners trading at historically low valuations
- Margin of safety on future gold price and cost inflation
- L1's key gold positions trading at less than 6x P/E (spot gold)

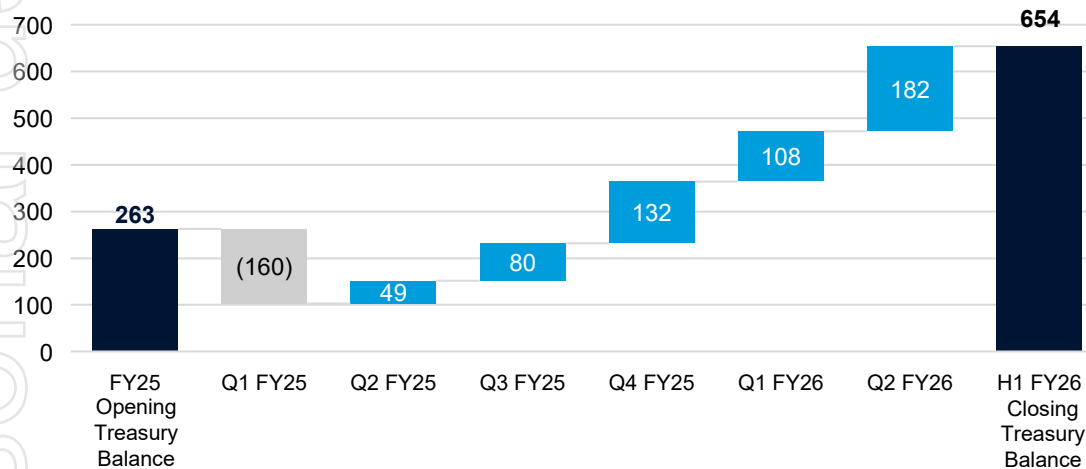
# Portfolio themes | Gold



## WESTGOLD

- 100% West Australian underground gold miner
- Transforming portfolio to greater scale and quality
- Expected to increase production by almost 50% by FY28 (to 470koz), with scope to grow further beyond that
- Material further upside from recently discovered Fletcher Zone
- Significant net cash balance sheet and unhedged to gold price
- Trading on ~5x P/E (CY27)

### Cash flow momentum building (A\$m)



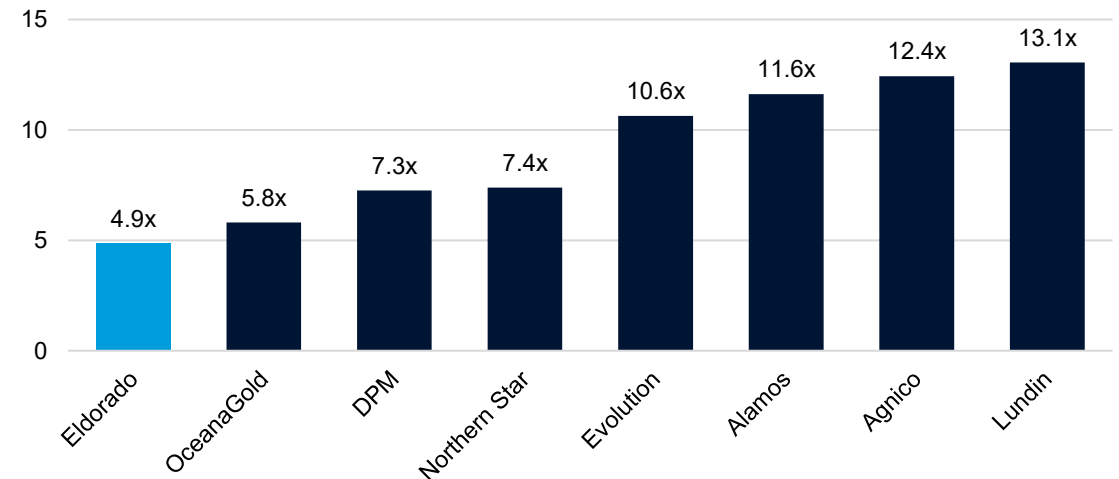
Sources: Left chart – company filings. Right chart – Visible Alpha.



## eldorado gold

- Assets diversified across Greece, Canada & Turkey
- First production from \$1bn Skouries project expected in 2026, transformational asset that can deliver >US\$600m in EBITDA
  - High margin on gold
  - Mine site costs covered by copper by-product credits
- Trading on ~5x P/E (CY27), material discount to peer group

### Valuation Relative to Peers – P/E (CY27)

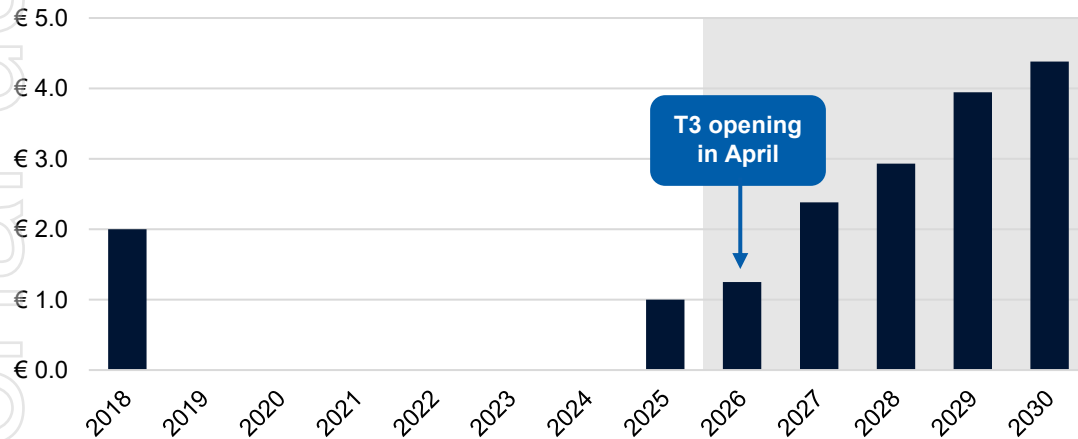


# Portfolio themes | Infrastructure



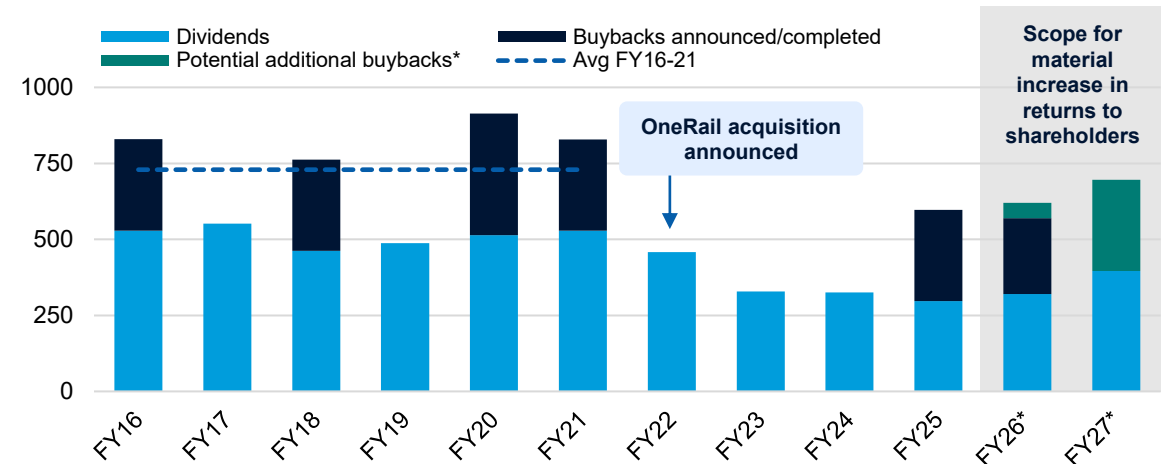
- Broad portfolio of regulated airport infrastructure assets
- Improving traffic growth as Boeing deliveries improve and Condor (#2 player) invests in the Frankfurt hub
- Major capex programs complete. New T3 opening in April
- Fraport's 2030 targets imply a free cash flow yield of 15% p.a.
- Strong dividend growth profile

**Fraport – Dividend profile (€/sh)**



- National rail operator with >5,000kms of network assets and largest haulage operations in Australia
- Majority of valuation derived from “below-rail” network infrastructure assets (higher quality & more stable earnings)
- Asset base now has capacity to grow with little incremental investment
- Scope for material capital returns via dividends and buybacks

**Aurizon – Shareholder returns (\$m)**



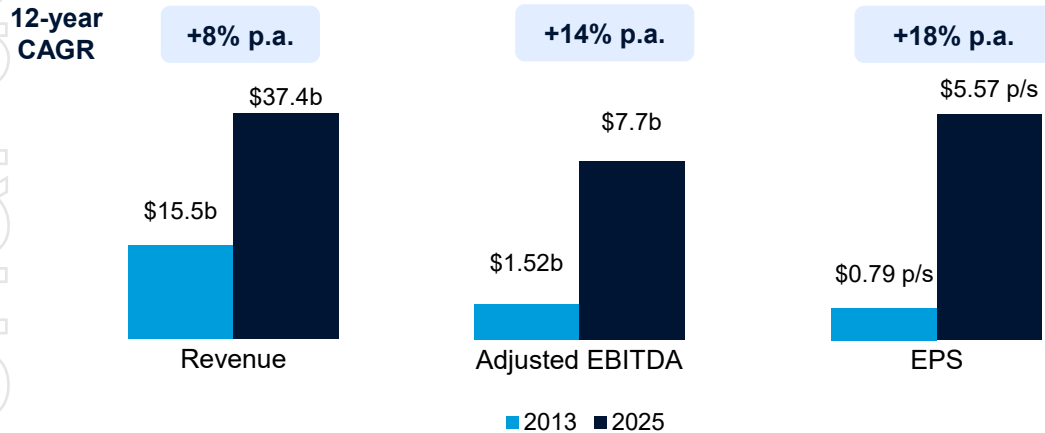
Source: Left chart – Company sources and Visible Alpha consensus as at 31 March 2026. Right chart – Company reports, Visible Alpha and L1 Capital estimates. \*Illustrative only.

# Portfolio themes | Building products



- Largest building products company in North America
- Significant beneficiary of U.S. infra & on-shoring spend
- 16% share price decline over March quarter despite in-line results and solid 2026 outlook
- ~16x forward P/E with a path to steady double-digit earnings growth over the medium-term. High quality management team.

## Consistent delivery through the cycle

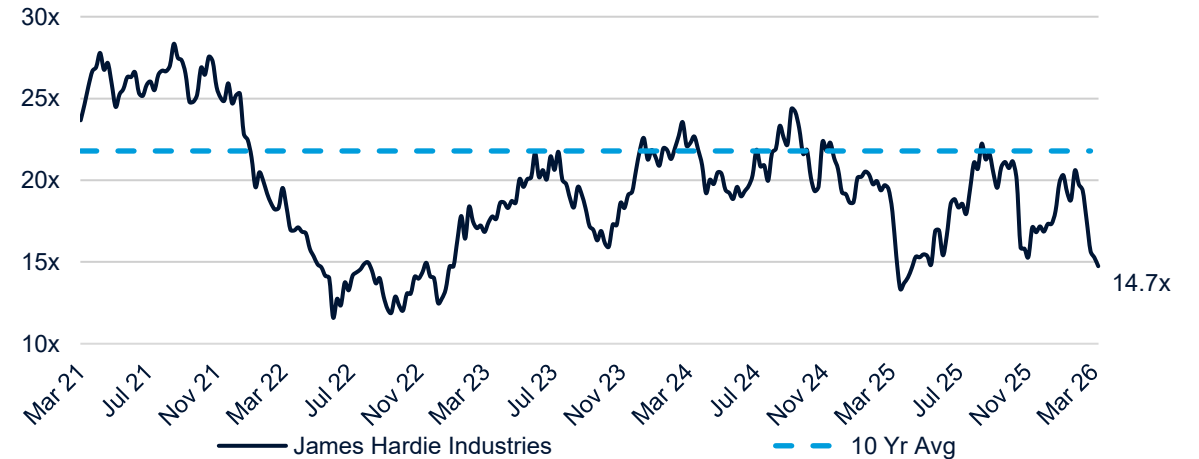


Source: Left chart – Visible alpha estimates. Right chart – Factset.



- Leading siding (fiber-cement), composite decking and building solutions provider
- No direct impacts from the Iran War– ~80% of sales generated in North America
- Risk-off sentiment and higher bond yields led to >20% share price decline in March
- Attractive entry point: ~15x Forward P/E (~21x 10-yr avg)

## Forward P/E multiple (last 5 years)



# Portfolio themes | Banking



## LLOYDS BANK

- Largest U.K. mortgage lender
- Earnings growing at 20%+ p.a. from FY25-28
- Shares fell in March due to fears of higher inflation and higher interest rates impacting U.K. economy.
- 7.9x FY27 P/E, 11.6% distribution yield



## NatWest Group

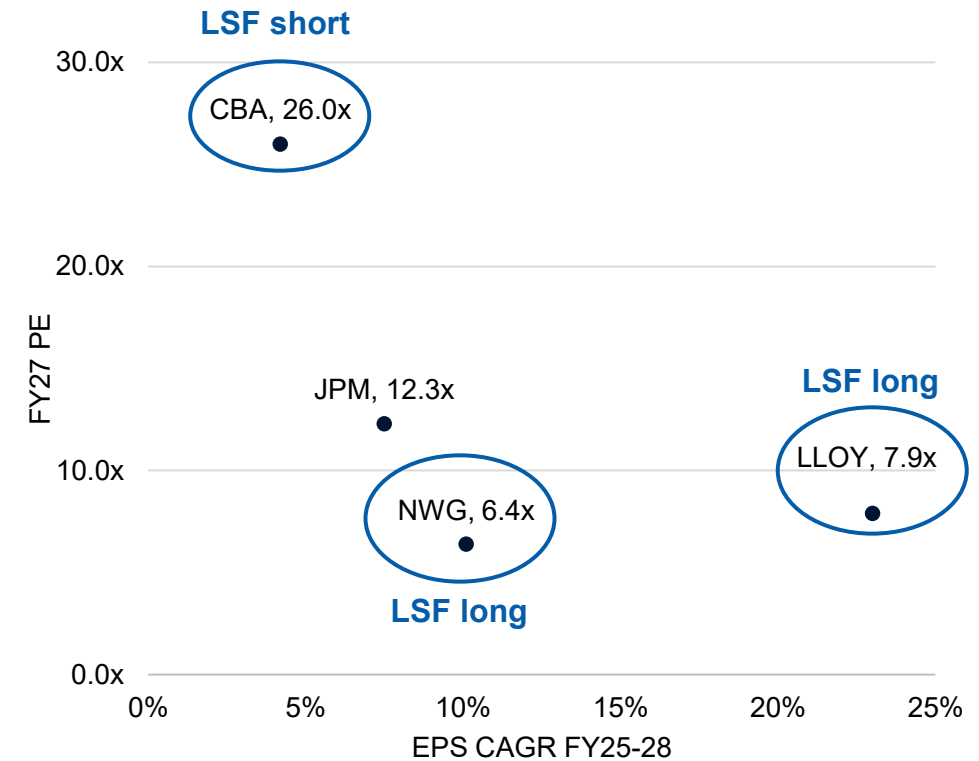
- UK's biggest commercial lender
- Shares sold off on macro concerns and recent wealth management acquisition (which reduced capital return potential)
- Earnings have consistently beaten consensus expectations over the past 4 years
- 6.4x FY27 P/E, ~10% p.a. EPS growth (FY25 - FY28)

Source: Factset, Visible Alpha.



L1 Long Short Fund Limited (ASX:LSF)

## Major banks' valuation vs. EPS growth



# Important information

## L1 Capital Pty Ltd

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