

L1 Global Long Short Fund Limited (ASX:GLS)

March 2026

- The L1 Global Long Short Fund Limited (GLS) returned -7.0%¹ in the March quarter (MSCI World -3.6%²).
- Since inception in January 2025, the Global Long Short Fund Strategy has returned 53.9%³ p.a. (MSCI World 13.2%² p.a.).
- Strong returns at the start of the quarter were more than offset by a sharp fall in global equity markets in March, as the war in Iran triggered the worst oil supply shock in history.

Equities initially performed well in January and February, driven by strong commodity prices (despite a more hawkish outlook for interest rates). Global markets then fell sharply in March following the start of the war in Iran. The sell-off was extremely broad-based in the month, other than select defensive names and energy-related stocks.

Reflecting that, MSCI World sector performance dispersion was extreme with Energy (+36.9%), Utilities (+8.8%) and Materials (+8.0%) the strongest performers, while Consumer Discretionary (-10.8%), Technology (-9.0%) and Financials (-7.1%) were hardest hit.

The U.S. equity market underperformed most other markets during the quarter, with the S&P500 declining by 4.3%. The release of some more advanced AI tools in February highlighted the potential impact of AI on software industry incumbents and led to a sharp deterioration in sentiment towards these stocks, which are more prominent in U.S. indices than elsewhere.

The magnitude of the oil shock in March has amplified global stagflation risks and resulted in a sharp rise in bond yields across markets. The U.S. Fed left rates unchanged at both of its meetings during the quarter. Bond markets are now expecting no further easing in 2026 after previously pricing in at least two additional cuts.

Following a strong start to the year, portfolio performance was impacted by the market sell-off in March. The portfolio benefitted from strong performance in energy and select infrastructure stocks along with underperformance by a number of high multiple and unprofitable Tech shorts. On the other hand, several large long positions across the copper, gold and Construction Materials sectors weighed on performance despite limited change to their longer-term fundamentals.

Returns (Net)^{1,3} (%)

	GLS Portfolio	MSCI World ²	Out-performance
3 months	(7.0)	(3.6)	(3.5)
GLS Since Inception	(5.9)	(2.8)	(3.1)
Strategy Since Inception p.a.	53.9	13.2	+40.6

Figures may not sum exactly due to rounding.

The war in Iran has triggered a widespread fall in equity markets, with a major spike in market volatility. We are using this period of elevated volatility to identify high quality companies that are now trading far below fair value, even assuming a less favourable macro outlook.

During the sell-off, we have added to our positions in gold, construction materials, European banks and copper, while trimming exposure to some of our energy and infrastructure names that have outperformed.

While periods of elevated market volatility can be unnerving in the short term, they provide outstanding medium-term opportunities to invest in great companies at exceptional prices. We believe the portfolio looks particularly attractive at present, with our median long position trading on ~8x FY27 P/E, with double-digit earnings growth and modest debt levels.

All performance numbers are quoted net of fees. Figures may not sum exactly due to rounding. **Past performance should not be taken as an indicator of future performance.** 1. GLS (ASX:GLS) returns are calculated based on the movement of the underlying investment portfolio net of all applicable fees and charges. 2. MSCI World Accumulation Index is shown in US\$. Please see important information at the end of this pack regarding MSCI indices. 3. Based on returns achieved by the L1 Global Long Short Fund Limited (ASX:GLS) since inception on 28 November 2025 (being the date that L1 Capital assumed the role of investment manager of the Company). Prior to this date, data is that of the L1 Capital Global Long Short Fund – Daily Class since inception (1 January 2025) which is subject to a higher fee. NOTE: Fund returns and Australian indices are shown in A\$. Returns of U.S. indices and are shown in US\$. Index returns are on a total return (accumulation) basis unless otherwise specified.

Market observations

Global equity markets were affected by the same major macro themes over the March quarter, in two distinct periods. During January and February, markets were dominated by a sell-off in Software and related stocks with the rapid progression of AI seen as threats to long-term business models. Then in March, risk-factors related to the Iran war – oil shock, higher inflation and interest rates – became the dominant theme for markets.

AI fears dominated January and February...

While AI itself is not a new thematic, the release of more advanced enterprise AI agents from Anthropic highlighted the potential for these systems to automate complex workflows. This suggested structural change in the Tech sector could happen in a more comprehensive manner and much more quickly than had been expected. This drove a structural shift in market expectations for long-term returns for some software companies where the market had assumed extremely high revenue and earnings growth rates to continue for years to come.

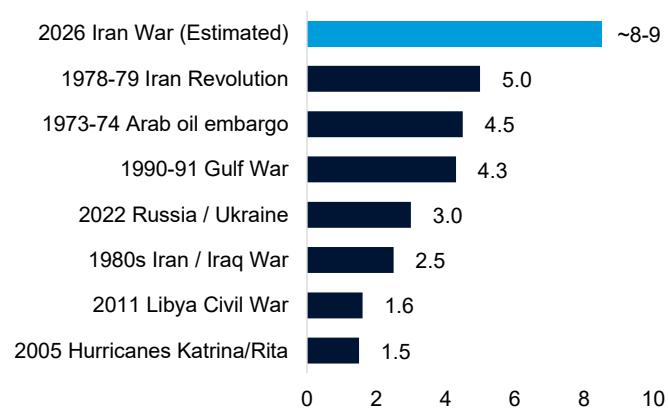
Software and Technology stocks, including several large industry leaders, declined substantially in January and February on AI-displacement fears, with the IGV – Tech Software ETF down 23% during the two months. Software weakness was more than offset by strength in broader industrial and resources stocks, with the MSCI World up 3.0% across January and February.

The greater contribution of Software names in the U.S. to sector returns meant that the S&P500 lagged the ASX200AI, with the former growing by only 1% during the same period. The tech-heavy Nasdaq index fell 2.4%. Gold continued its rally, up 22% for the two months.

...with market volatility increasing further in March due to the Iran War

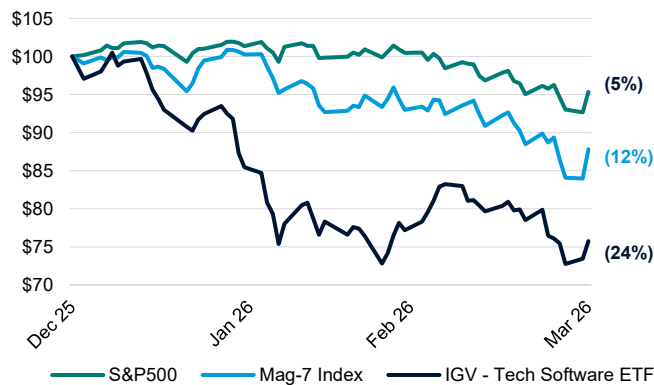
Following this sector rotation, markets declined sharply at the start of March as the war in Iran unfolded. The effective closure of the Strait of Hormuz (~20% of global oil flow) led to the worst oil supply shock in modern history (see Figure 2) and a dramatic spike in oil prices (see Figure 3).

Figure 2: Scale of net supply loss (million barrels/day)



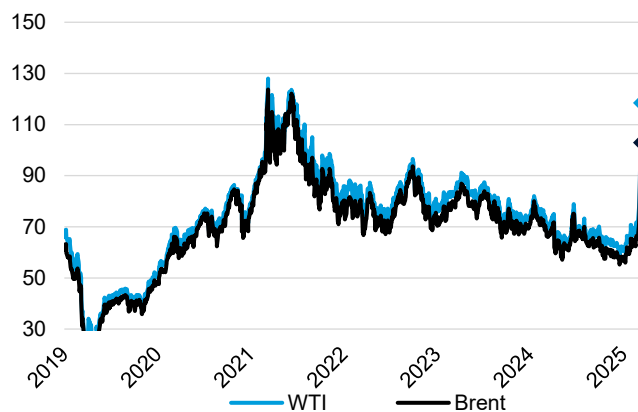
Source: IEA, Bloomberg, NEF estimates

Figure 1: Software / Mag-7 share price performance (March quarter)



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

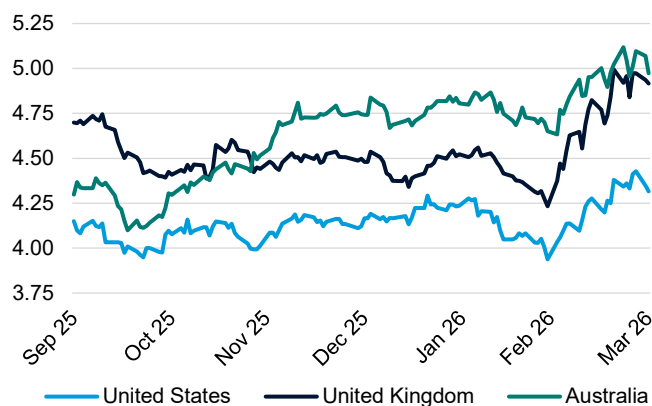
Figure 3: Movement in oil prices (US\$/oil barrel)



Source: Bloomberg as at 31 March 2026

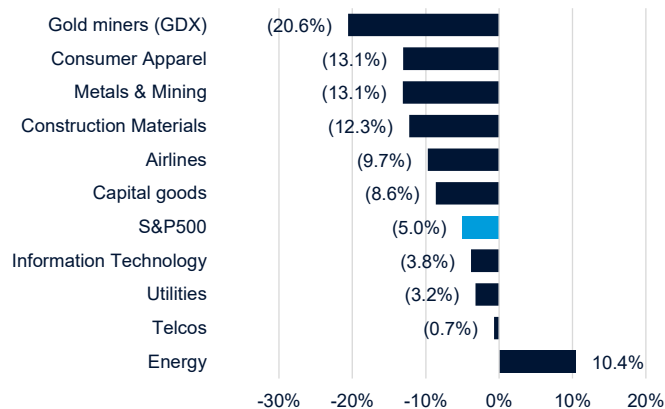
In response to this energy shock, long-term yields have surged and interest rate expectations have been reset meaningfully higher (see Figure 4 on the next page) on the back of higher inflation expectations. The growing risk of global stagflation contributed to an aggressive and broad market sell off with 84% of S&P500 stocks declining in March and ~30% of stocks down over 10% in the month (the average price move of that cohort was -15%). As shown in Figure 5 on the next page, Energy was the only sector to deliver meaningful positive returns in March, while defensive stocks (Utilities and Telcos) were relatively stable.

Figure 4: 10-year bond yields (%)



Source: Bloomberg as at 31 March 2026

Figure 5: S&P500 sector returns – March 2026



Source: Goldman Sachs investment research, Factset as at 31 March 2026. VanEck Gold Miners ETF (GDX) used as proxy for gold performance given limited representation of gold equities in the S&P500.

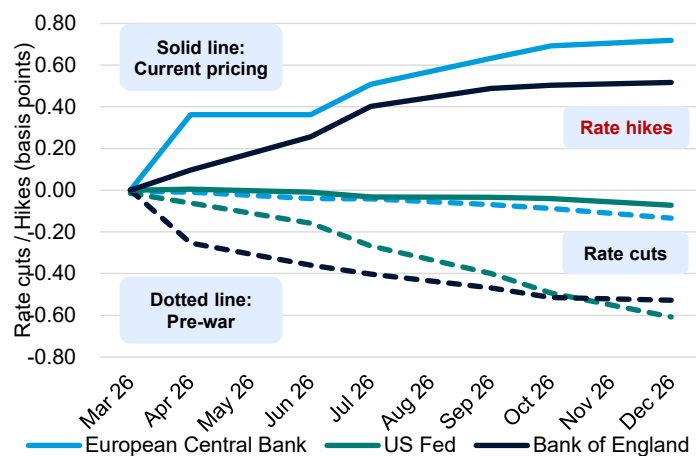
After continued strong momentum in January and February, gold prices declined 12% in March, defying the typical resilience during geopolitical shocks. This was due to a number of fundamental and technical factors which we discuss later in this note. Reflecting the weaker gold price and concerns over the potential for higher operating costs, gold equities in the S&P500 fell ~21% in March. Against this, we believe that the long-term drivers of the gold price (central bank buying, fiscal deficits and elevated geopolitical risks) remain supportive and that gold mining equities are highly compelling at current levels.

Interest rate expectations shifted higher

Markets have materially repriced the expected policy path since the pre-war period, reflecting a sharp deterioration in the inflation outlook following the war shock. Higher oil and energy prices have lifted near-term inflation expectations, while broader supply disruptions have reinforced concerns that price pressures will remain more persistent than previously assumed. This is against the backdrop of ballooning Government debt levels around the world (with Government expenditure on interest payments growing even faster) and an increasing scepticism that spending can be reined in.

As illustrated in Figure 6, investors now expect the ECB and Bank of England to tighten materially further by year-end, versus pre-war expectations for modest easing. The U.S. market is effectively pricing in no further cuts, compared to the expectation of at least two cuts prior to the war commencing.

Figure 6: Expected Central Bank interest rate path



Source: Bloomberg as at 31 March 2026

Portfolio positioning

The recent portfolio positioning – in particular our exposure to the Gold, Infrastructure, Construction Materials and Resources sectors – has performed well for the last 15 months overall, but relatively poorly following the start of the war in Iran. However, in most cases this short-term performance reflects a broad deterioration in market sentiment and positioning, rather than a change in the long-term fundamentals of our portfolio holdings.

Moments of heightened uncertainty in markets have historically created some of the best investment opportunities for our investment approach. Accordingly, we have been using this period of elevated volatility to identify high quality companies that are now trading far below fair value, even assuming a less favourable macro outlook. These changes include adding to our holdings in gold, construction materials and copper, while trimming exposure to some of our energy, infrastructure and select short positions which have outperformed.

In addition, we have been seeking to capitalise on the massive global AI-related spending via downstream beneficiaries (including copper producers and uranium companies), while avoiding beneficiaries where we struggle to justify current valuations.

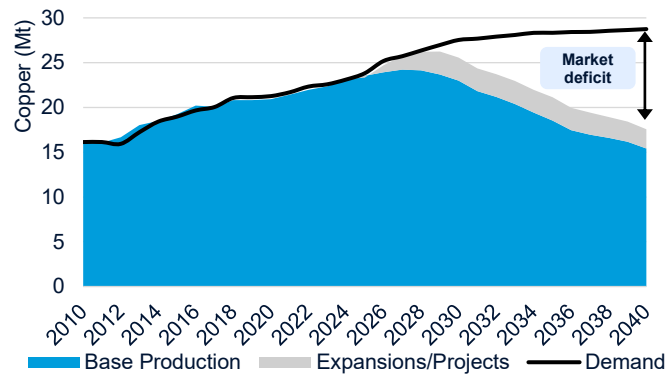
Sectors where we increased exposure during March:

Copper

We remain positive on copper as a commodity given the strong long-term demand profile that is underpinned by electrification, grid expansion, renewable energy and broader infrastructure growth. There is limited projected supply coming online to meet that demand. Despite the strong fundamentals, we had previously exited most of our copper positions on valuation grounds but have used the recent sell-off – with many copper names falling by 20-25% – as an attractive re-entry point with valuations falling to below 5x EV/EBITDA.

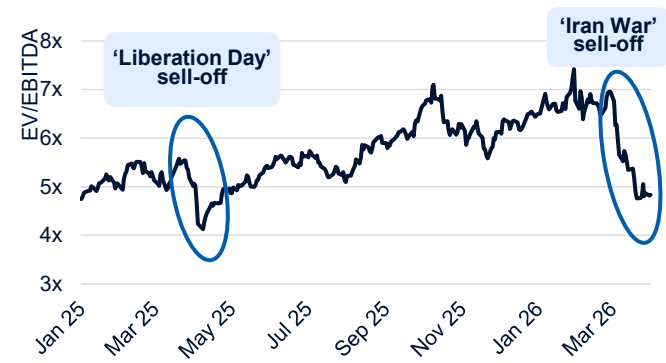
Key holdings:

Figure 7: Copper supply and demand outlook



Source: Woodmac

Figure 8: Copper miners EV/NTM EBITDA (x)



Source: Factset. Average of copper mid-caps: HBM, CS and SFR.

Gold

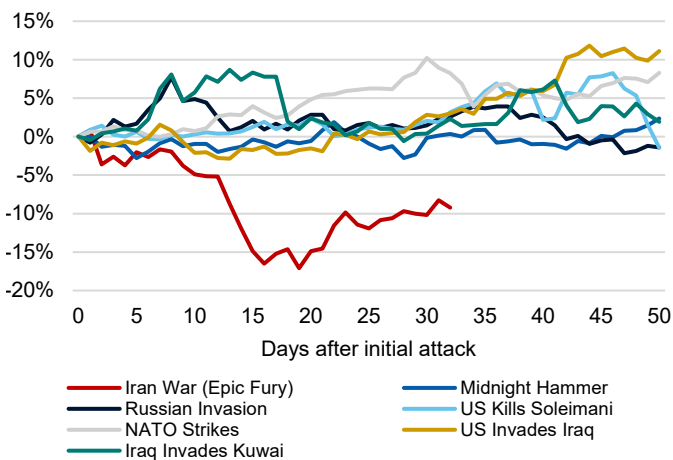
The gold price fell ~12% (from ~\$5,280 to ~\$4,670) in March, defying typical resilience during geopolitical shocks (refer Figure 9). Major drivers included:

- The largest monthly gold ETF outflows in 5 years (over US\$12b),
- Large scale profit-taking and technical-driven selling,
- Physical gold ETF flows being negatively correlated to rising interest rates, and
- Select sovereign selling of gold due to the Iran war (e.g. – Turkey sold ~120 tonnes or US\$20b of gold).

Key holdings:

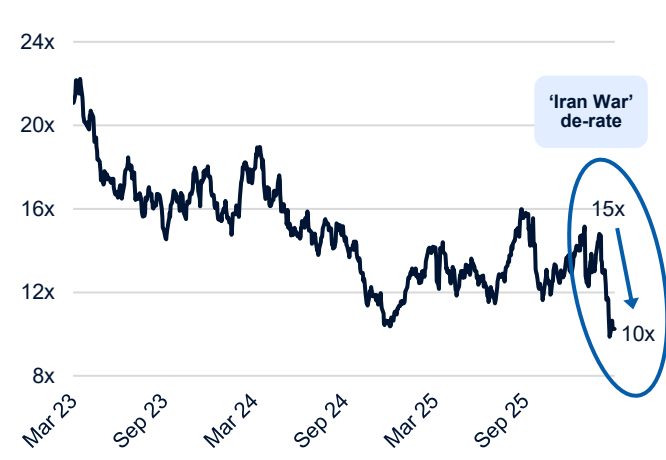
Gold equities in the S&P500 fell ~21%, reflecting a lower gold price and rising operating cost concerns. Valuations remain compelling despite the recent decline in the gold price, with our key positions trading at <6x P/E at the spot gold price. This allows a significant margin of safety over future gold price moves and cost inflation.

Figure 9: Gold performance during major regional military conflicts



Source: Bloomberg

Figure 10: GDx 12M Forward P/E



Source: Factset

Construction Materials

Construction Materials names pulled back in March in response to higher interest rates and expectations for softening demand. This has contributed to a sector de-rate toward bottom-of-the-cycle valuations with asymmetric upside from a future normalisation of interest rates and/or improving consumer confidence. Following 15-20% sell-offs, we increased our exposure to Saint Gobain and Heidelberg Materials. Both offer strong earnings growth over the medium-term at low double-digit P/E multiples.

Key holdings:



Banking

Banks de-rated in March on global growth concerns leading to expectations that lower economic activity would dampen credit growth. In addition, investors feared that inflation and higher interest rates could lead to bad debts, as bank customers' profitability is impacted by higher oil prices at the same time as interest costs increase.

Fundamentals for the sector and our specific holdings continued to look strong, especially on a medium-term view, with our conviction confirmed via management meetings and industry data. We therefore increased our exposure following a ~15% sell-off with stocks offering strong double-digit earnings growth and large dividend yields and buybacks.

Key holdings:



Sectors where we decreased exposure during March:

Energy

Oil and gas names rallied sharply in response to the Iran war, with oil prices spiking by more than 50% and European gas names up ~50-70% year-to-date. While we expect near-term tightness to continue, medium-term fundamentals are less supportive. Hence, we reduced our exposure to Energy names during March on the expectation that oil and gas prices (and related equities) normalise as the current conflict resolves.

Key holding:



Infrastructure

Despite headwinds from higher interest rates, several of our infrastructure positions held up well in March reflecting business resilience and a flight of investor capital toward lower risk names with resilient cash flows underpinned by contractual arrangements and regulation. While we retain a significant exposure to Infrastructure, we reduced our exposure to some of the stronger performing names to re-allocate capital to better opportunities elsewhere.

Key holdings:



Unprofitable Tech / AI losers (Short positions)

We are short positions across various high P/E names and unprofitable technology companies where share prices are not supported by fundamentals. A number of these stocks declined during the quarter, initially this was related to sectoral pressures in AI, and then again in response to the conflict in Iran. We took profits on some of these exposures in late March.

Key holdings:

Various (not disclosed)

Overall, we took advantage of the market sell-off in March and elevated volatility across the quarter to identify high quality companies that are now trading far below fair value, even assuming a less favourable macro outlook. We believe that the portfolio is particularly attractive at present, with our median long-position trading on a ~8x FY27 P/E, with double-digit EPS growth, strong free cash flows and modest debt levels.

Stock contributors/detractors

Key stock contributors for the March quarter were:

Arizona Sonoran (Long +46%) shares materially outperformed after the company received an all-share takeover bid from Hudbay at a ~30% premium to last close. Combining Arizona Sonoran's Cactus deposit with Hudbay's Copper World deposit brings together the two highest grade undeveloped open pit assets in the U.S., and creates a new high quality, long life leading copper district in Arizona. After the transaction, Hudbay has a pathway to more than triple production to >500ktpa copper, including >220ktpa from its Arizona District. We are highly supportive of the transaction in the absence of a superior proposal for Arizona Sonoran.

NexGen Energy (Long +28%) moved higher as spot uranium prices increased 3% during the quarter to close at US\$84/lb, based on the strong medium term demand outlook for nuclear energy. Critically, during the quarter, NexGen received its final federal approval and construction licence for its project and is set to begin the project build with FID completed.

NexGen is preparing to develop the world's largest undeveloped uranium deposit, Arrow, located in Saskatchewan, Canada. This will be a new major strategic Western source of uranium to address the looming market deficit. Once developed, Arrow has the potential to generate ~C\$2.8b of EBITDA annually, assuming US\$80/lb uranium price (below current spot price). We believe this is a compelling proposition given NexGen's current market cap of only ~C\$10b.

High P/E shorts and unprofitable Tech (Short). We are short positions across various high P/E names and unprofitable technology companies where share prices are not supported by fundamentals. A number of these stocks declined during the quarter, initially due to some of the sectoral pressures in AI, and then again in response to the conflict in Iran. As discussed in this note, we took profits on some of these exposures in late March.

Key stock detractors for the March quarter were:

HDFC Bank (Long -32%) is one of the highest quality retail banks in India with ~15% and ~11% of the banking system credit and deposits, respectively. It has a long track record of stability through credit cycles and a leading retail brand. HDFC declined in the quarter, along with the rest of the Indian Banking sector, as investors exited macro-sensitive segments given growth fears from the war in Iran. Indian cyclicals were especially hard-hit owing to the economy's high dependence on oil imports. HDFC was also impacted by the unexpected retirement of its Chairman, which we don't believe is reflective of major business issues.

Saint Gobain (Long -19%) shares fell on a softer start to the year due to weather impacts in the U.S. and Europe as well as impacts from the war in Iran which drove rising inflation expectations and higher long-term bond yields. Weather impacts should normalise as the Northern Hemisphere winter passes. In relation to the conflict in Iran, Saint-Gobain has limited direct exposure to the Middle East and a demonstrated ability to manage input cost volatility through a combination of energy hedging and targeted pricing actions. We continue to view the company as well positioned to benefit from an eventual recovery in U.S. and European residential construction, with current activity levels remaining subdued.

Rightmove (Long -17%) shares were weaker during the quarter as concerns over the impact of AI on the longer-term growth prospects of classified businesses continued to weigh. This thematic was consistent with its Marketplace peers, as well as across Software names deemed susceptible to structural change. From a macro perspective, a more subdued outlook for U.K. housing and rising interest rate expectations has likely also had an impact on investor sentiment. While we continue to monitor the evolution of AI in the sector, we see Rightmove as being well placed to navigate the introduction of this technology given its strong market position – over 80% of real estate search traffic – which locks in positive network effects as the U.K.'s leading real estate marketplace.

Returns (Net)^{4,5} (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025	3.0	(0.1)	1.1	8.3	6.1	4.0	0.7	7.0	5.6	2.7	15.3	1.2	69.6
2026	5.8	3.3	(14.9)										(7.0)

Portfolio positions

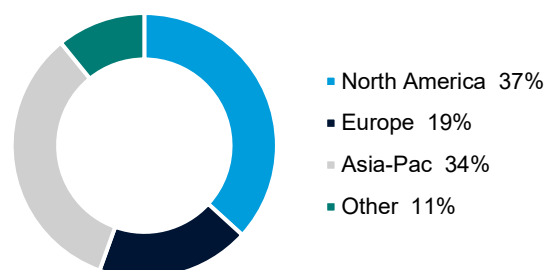
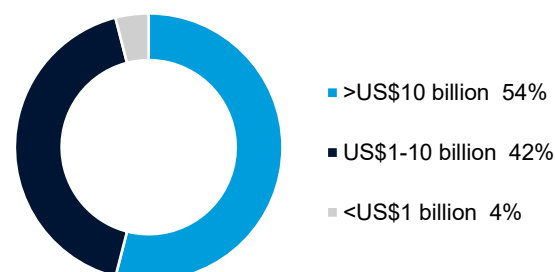
Number of total positions	102
Number of long positions	67
Number of short positions	35

Net and gross exposure⁶ (%)

	Gross long	Gross short	Net exposure
North America	82	(41)	41
Europe	59	(4)	55
Asia-Pacific	76	(37)	39
Other	-	(36)	(36)
Total	217	(118)	99

Company information as at 31 March 2026⁷

Share Price	\$1.62
NTA before tax	\$1.48
NTA after tax	\$1.55
Shares on issue	547,644,213
Company market cap	\$887m

Gross geographic exposure as a % of total exposure⁶**Gross market cap exposure as a % of total exposure**

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Key personnel

Rachel Grimes	Chair and Non-Executive Director
Douglas Farrell	Independent Non-Executive Director
David Gray	Independent Non-Executive Director
Katrina Glendinning	Independent Non-Executive Director
Jane Stewart	Company Secretary
Registry	MUFG Corporate Markets
Company website	www.L1.com.au/GLSF

Company information – GLS

Name	L1 Global Long Short Fund Limited
Structure	Listed Investment Company (ASX:GLS)
Inception	28 November 2025
Management fee*	1.44% p.a.
Performance fee**	20.5% p.a.
High watermark	Yes

L1 Capital overview

L1 Capital is a global investment manager with offices in Melbourne, Sydney, Miami and London. The business was established by Raphael Lamm and Mark Landau in 2007 and continues to be majority owned by its founders and staff. The team is committed to offering clients best of breed investment products through strategies that include long-short equities, international equities, activist equities, global convertible debt and U.K. residential property funds. The firm has built a reputation for investment excellence, with all L1 Capital strategies delivering strong returns since inception. In October 2025, L1 Capital merged with Platinum Asset Management to create L1 Group (ASX: L1G), one of Australia's leading investment managers. The L1 Capital team remains dedicated to delivering on that strong reputation by providing market-leading performance via differentiated investment strategies with outstanding client service, transparency and integrity. L1 Capital's clients include large superannuation funds, pension funds, asset consultants, private wealth firms, financial planning groups, family offices, high net worth and retail investors.



Contact us

Level 45, 101 Collins Street
Melbourne VIC 3000
Email info@L1.com.au

www.L1.com.au



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Head of Distribution	Chris Clayton	cclayton@L1.com.au	+61 3 9286 7021
Researchers	Aman Kashyap	akashyap@L1.com.au	+61 477 341 403
	Allan Evans	aevans@L1.com.au	+61 400 993 597
Advisers	Bryce Leyden	bleyden@L1.com.au	+61 407 876 532
	Clifford Fernandes	cfernandes@L1.com.au	+61 411 667 096
	David Redford-Bell	drb@L1.com.au	+61 417 148 075
Brokers	Alejandro Espina	aespina@L1.com.au	+61 423 111 531
	Isabel Rothe	irothe@L1.com.au	+61 418 540 477
Private wealth	Hugo Brettingham-Moore	hb-m@L1.com.au	+61 408 371 473
Private clients	Gene Varano	gvarano@L1.com.au	+61 435 263 128
Investor services	Jeffrey Lau	jlau@L1.com.au	+61 403 194 728

* Fees are quoted inclusive of GST and net of RITC. ** The performance fee is equal to the stated percentage of any increase in the NAV over any Performance Period.

Information contained in this publication: L1 Global Long Short Fund Limited, managed by L1 Capital Pty Ltd, has been established to invest in a portfolio of global securities. The Company has the ability to both buy and short-sell securities, which provides a flexible strategy to deal with changing stock market conditions. The objective is to deliver strong, positive, risk-adjusted returns to investors over the long term.

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