L1 CAPITAL
Part of L1 Group

Quarterly report

L1 Global Long Short Fund Limited (ASX:GLS)

June 2026

- The L1 Global Long Short Fund Limited (GLS) returned 18.9%[1] in the June quarter (MSCI World 13.8%[2]).
- Since inception in January 2025, the Global Long Short Strategy has returned 57.0%[3] p.a. (MSCI World 20.9% p.a.[2]).
- Strong stock selection drove portfolio outperformance for the quarter, despite a narrow AI-led global equity rally.
- We invite you to watch our latest L1 Capital Long Short Strategies investor video by clicking here.

The Iran war and AI were the two dominant themes for equity markets during the June quarter. The announcement of a ceasefire agreement later in the quarter drove a sharp decline in oil prices and partially reversed the sector trends caused by the conflict. At the same time, AI-related stocks, particularly AI infrastructure beneficiaries, performed strongly, driven by robust reported earnings, rapid growth in AI-related capital expenditure and ongoing shortages across critical parts of the supply chain.

Global equity markets performed well over the quarter, with the MSCI World Index returning +13.8%. U.S. equities led the recovery (S&P500 +15%, Nasdaq +22%), although performance was heavily concentrated in a narrow cohort of AI-related stocks that now represent a rapidly growing proportion of index weights. Asian markets performed very strongly, particularly those with large AI supply-chain exposures such as Korea, Taiwan and Japan. European equities delivered solid positive returns, supported by improving earnings, easing energy price pressures and continued strength in selected financial and industrial stocks.

Global bond yields moved higher for much of the quarter on rising inflation concerns, although the moves moderated towards the end of the period as oil prices eased. In the U.S., the FOMC left rates unchanged but struck a more hawkish tone, reinforcing a higher-for-longer stance and pushing the U.S. rates curve higher.

The portfolio delivered strong performance over the quarter, with broad-based gains across a range of positions. In total, 26 stocks each contributed more than 0.5% to returns, more than offsetting weakness from our exposure to gold and uranium, which were impacted by the broader downturn across commodities.

Fund returns (Net)[1, 3] (%)

	GLS Portfolio	MSCI World[2]	Out-performance
3 months	18.9	13.8	+5.2
6 months	10.6	9.7	+0.9
GLS Since Inception	11.9	10.6	+1.3
Strategy Since Inception p.a.	57.0	20.9	+36.1

Figures may not sum exactly due to rounding.

The global stock market rally in 2026 has been incredibly narrow, with AI-related stocks completely dominating returns. We believe the macro environment remains mixed, but in a short-term sense will benefit from a lower oil price and slightly lower bond yields.

We are using this environment to identify high-quality companies that are trading well below our assessment of fair value, allowing for a wide range of macro environments.

We believe the portfolio looks well placed at present, with our median long position trading on 10x P/E, with double-digit EPS growth and modest debt levels.

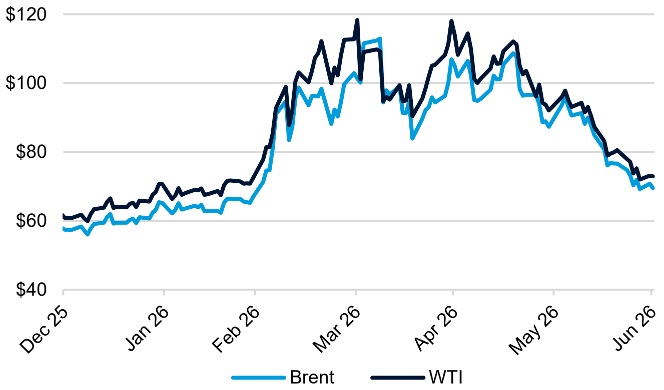
All performance numbers are quoted net of fees. Figures may not sum exactly due to rounding. **Past performance should not be taken as an indicator of future performance.** **1.** GLS (ASX:GLS) returns are calculated based on the movement of the underlying investment portfolio net of all applicable fees 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 are shown in US$. Index returns are on a total return (accumulation) basis unless otherwise specified.

Equity market observations

The war in Iran continued to be a major driver of markets during the June quarter, following the start of the conflict and related oil supply shock in late February. The effective closure of the Strait of Hormuz had driven a sharp spike in oil prices and increased concerns around inflation, interest rates and consumer sentiment. By quarter-end, the announcement of a ceasefire and the gradual normalisation of oil flows led to a substantial fall in energy prices. As shown in Figure 1, Brent and WTI both declined to around US$70/bbl at the end of June (down ~40% from their peaks in April). The ceasefire also led to a partial reversal of related equity market trends, with many of the energy and defensive stocks that had performed well after the start of the war starting to underperform cyclicals later in the quarter. More recently, renewed U.S.-Iran tensions and fresh concerns over shipping through the Strait of Hormuz have lifted oil prices back above US$80/bbl, highlighting the ongoing volatility and geopolitical risk premium in energy markets.

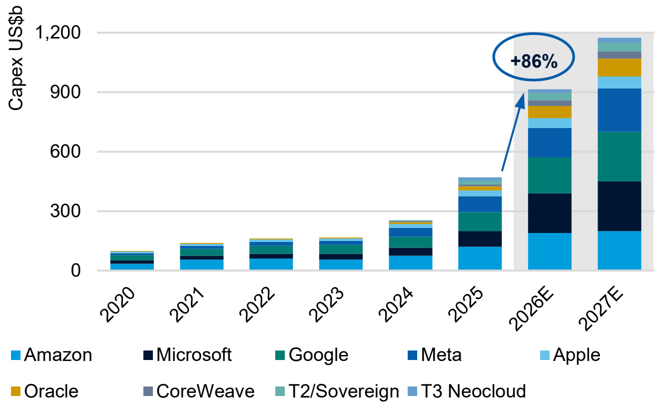
AI-related stocks performed extremely strongly during the quarter, especially AI infrastructure stocks, driven by strong earnings performance and substantial capex forecasts from the major hyperscalers. As shown in Figure 2, hyperscaler cloud capex is projected to exceed US$1 trillion in 2027, a more than **five-fold increase** in only four years.

Figure 1: Movement in oil prices (US$/barrel)



Source: Bloomberg as at 30 June 2026

Figure 2: Hyperscaler Capex forecasts



Source: Evercore ISI Research as at 30 June 2026

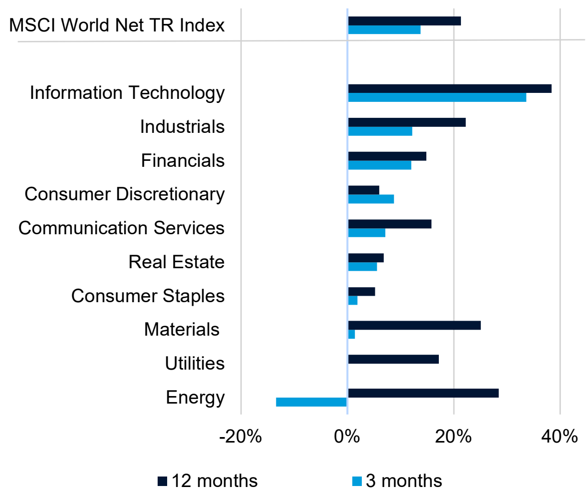
Global equity markets performed strongly over the quarter (MSCI World +13.8%). As shown in Figure 3, MSCI World sector performance was led by Information Technology, reflecting strong earnings and continued enthusiasm for AI infrastructure and hyperscaler capex.

Industrials and Financials also performed well, supported by resilient economic data, infrastructure spending and improving earnings momentum. Energy was the clear laggard as oil prices retraced sharply following the Iran ceasefire, while Materials and defensive sectors such as Utilities and Consumer Staples underperformed as investors rotated back towards growth and cyclical exposures.

Outside the U.S., AI-related equity market performance was most evident in Asia, particularly Korea (+84%), Taiwan (+46%) and Japan (Nikkei +37%). This was driven primarily by very strong earnings growth from semiconductor, foundry and memory producers, with TSMC (+37%) performing strongly, while Samsung and SK Hynix approximately doubled and tripled over the quarter, respectively.

European markets also advanced (MSCI Europe ex-U.K. +14%), supported by improving earnings momentum across financials and selected Industrials. Banks benefited from the higher interest rate outlook, resilient credit quality and ongoing capital returns, while Industrials were supported by infrastructure spending, defence demand and AI-related power investment. This offset a more mixed backdrop for consumer-facing sectors and companies more exposed to softer domestic growth.

Figure 3: MSCI World (US$) sector returns



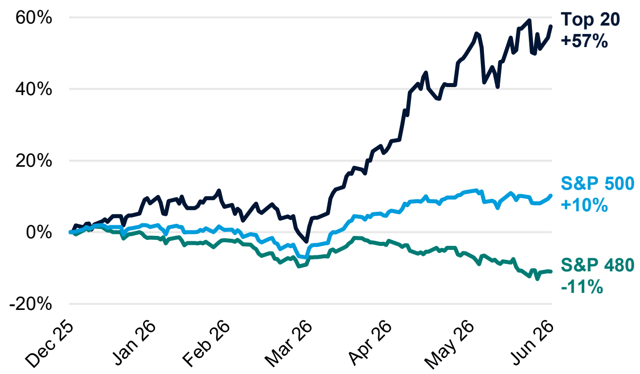
Source: Bloomberg as at 30 June 2026

Given U.S. equities represent more than 70% of the MSCI World Index, the narrowness of U.S. market leadership had a significant impact on global index returns. U.S. equity markets performed very strongly over the quarter (S&P 500 +15%, Nasdaq +22%). Like the MSCI World index, this performance has been almost entirely driven by a narrow group of AI-linked capex beneficiaries. Figure 4 illustrates the sharp spike in performance of semiconductor stocks, whose index weight is nearing one-fifth of the S&P 500 index at the end of June. This amounts to a quadrupling in index representation since June 2020. Meanwhile, the performance of non-AI-related stocks in the index much more closely reflects other global markets and remains relatively subdued. Figure 5 illustrates the extent of this narrow market leadership: the top 20 performing stocks in the S&P 500, which are predominantly AI-related, have delivered very strong year-to-date returns, while the remaining ~480 constituents have collectively declined meaningfully over the same period.

Figure 4: Weight of semiconductor stocks in the S&P 500

Source: Goldman Sachs Investment Research as at 30 June 2026

Figure 5: S&P 500 YTD performance

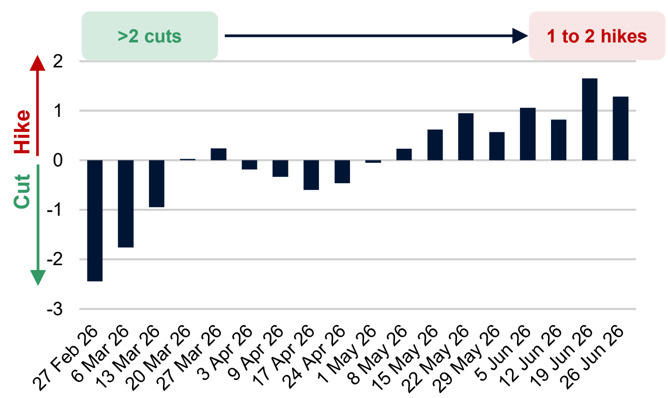


Source: Goldman Sachs Investment Research as at 30 June 2026

Recent U.S. economic data has been mixed. Inflation increased during the quarter, driven by higher energy costs, while the labour market remained resilient despite some signs of slower hiring activity. The most significant change has been the shift in U.S. interest rate expectations. At Kevin Warsh's first meeting as Fed Chair in June, the FOMC left rates unchanged but struck a more hawkish tone, reinforcing a higher-for-longer stance and pushing the U.S. rates curve higher. Markets have shifted nearly 100bps higher since the start of the year, from pricing in over two rate cuts in February to between one and two rate hikes currently (see Figure 6).

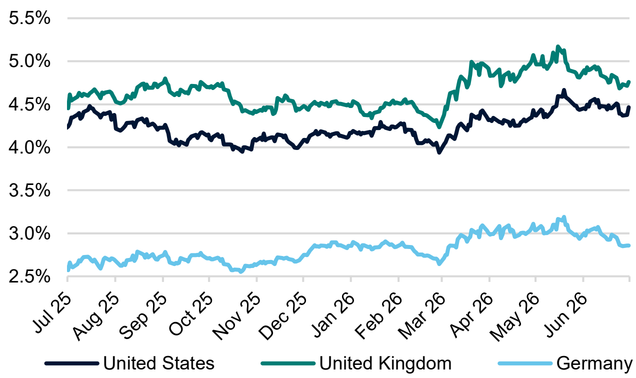
A similar shift has occurred across other major developed markets, where higher energy prices have contributed to rising inflation expectations and a reassessment of the path for central bank policy. During the June quarter, the ECB increased rates by 25bps and the Bank of England was split in its decision to hold rates, with two members voting to hike. Meanwhile, both central banks revised 2026 inflation expectations higher, driven primarily by higher energy costs. As shown in Figure 7, U.S., U.K. and German bond yields have moved higher over the past twelve months, albeit softened towards the end of the June quarter as oil prices moderated.

Figure 6: Fed hikes/(cuts) priced by year end



Source: Morgan Stanley, one cut/hike assumes 25bp move

Figure 7: 10-year bond yields (%)



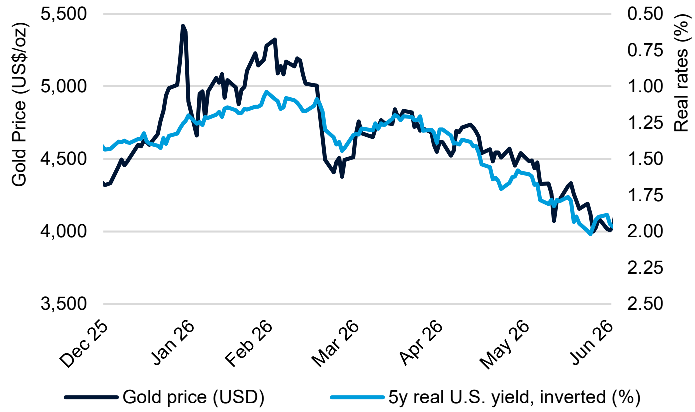
Source: Bloomberg as at 30 June 2026

We have seen the impact of this rate movement on gold, where the price pulled back sharply over the quarter despite elevated geopolitical risks. As shown in Figure 8, the gold price has moved lower as real interest rate expectations have increased. This reflects the higher opportunity cost of holding gold, which pays no income, as well as the support that higher rates have provided to the U.S. dollar.

Investor demand also softened, with physical gold ETFs seeing significant outflows, particularly in North America, as capital rotated towards AI-related equities and other areas of market leadership. The weakness was further exacerbated by one-off policy responses from oil-importing countries, including gold reserve sales by Turkey and higher Indian import taxes.

While these factors weighed on short-term sentiment, we believe the longer-term drivers of gold – central bank accumulation, persistent fiscal deficits and elevated geopolitical risk – remain intact.

Figure 8: Gold price versus real interest rates



Source: Bloomberg as at 30 June 2026

Portfolio positioning

The portfolio performed strongly over the quarter, with a broad set of significant contributors. 26 stocks each contributed more than 0.5% to overall returns. Return drivers spanned a wide range of sectors, with notable strength from Accor, Qantas, Arcelor Mittal, Piraeus Bank, Lloyds and Energy Shorts (refer page 5 for further detail).

Following subdued returns in the March quarter, when performance was impacted by the escalation of the war in Iran, returns rebounded strongly in the June quarter as Middle East tensions eased. This was an encouraging outcome, particularly given global equity market returns have been heavily concentrated in AI-related capital expenditure beneficiaries, an area where the portfolio has had limited direct exposure.

As discussed in our recent investor webinar (L1 Capital Long Short Strategies video update), we used the late March/early April market sell-off to add to areas where share prices had fallen despite improving medium-term fundamentals, including copper, construction materials, travel, gold equities and selected financials. These additions were partly funded by trimming selected infrastructure holdings following strong relative performance despite the headwind from higher bond yields, and by materially reducing oil & gas exposure after a sharp rally, where we viewed the medium-term risk/reward as less attractive. These portfolio changes contributed positively to performance over the quarter, as several of the sectors most affected during the late March/early April sell-off recovered.

Looking forward, we are pleased with how the portfolio is positioned, with exposure concentrated in areas where we see attractive medium-term upside, supported by compelling valuations, solid earnings growth and strong cash flow generation. Key areas of focus remain gold, copper, construction materials, infrastructure and select financials, where recent market volatility has created opportunities to add to high-conviction positions at more attractive prices.

The portfolio continues to have a pronounced tilt towards quality value stocks, with our median long position trading on 10x P/E, with double-digit EPS growth and modest debt levels.

Stock contributors

Key stock contributors for the June quarter were:

Accor (Long +25%) shares performed strongly over the quarter, driven by the easing of Middle East tensions, strong underlying business performance, and the announcement of an agreement to sell its remaining stake in its property ownership vehicle. While the Middle East represents ~12% of Accor's room revenue, management moved quickly to implement a cost savings plan early in the quarter to offset fixed costs in the region. This enabled the company to guide to H1 2026 EBITDA growth despite a substantial decline in Middle East hotel occupancy.

Accor also delivered strong network performance for Q1 2026, with network unit growth of +3.8% and revenue per available room growth of +5.1% (on a constant currency basis). Subject to the completion of its property stake sale, Accor is also set to return a substantial amount of capital back to shareholders over 2026 and 2027.

Qantas (Long +27%) strengthened during the June quarter as jet fuel prices retraced sharply (-50%) following the easing of Middle East tensions, leaving fuel costs still around 20% above pre-war levels, but materially below the peak. Oil refining margins remain Qantas' key residual headwind, sitting at roughly double pre-war levels, despite falling from extremes. The company's share price was further supported by the investor trip to the Airbus factory in Toulouse, France, where management reiterated the $400m EBIT opportunity from Project Sunrise ahead of the planned Sydney–London service launch scheduled for October 2027. Overall, while the Middle East conflict has created near-term earnings volatility, we see Qantas' strong underlying competitive positioning and medium-term outlook as unchanged.

ArcelorMittal (Long +20%) share price rose on an improving medium-term earnings outlook, stronger steel margins and supportive trade policy developments which are expected to reduce import pressure and improve capacity utilisation across key markets. During the quarter, the company sold part of its Vallourec stake for approximately US$667m, with proceeds allocated to share buybacks, adding to a capital return program that has already reduced the fully diluted share count by 38% since September 2020.

We believe the combination of improving steel margins, disciplined portfolio management, material buybacks and a strong organic project pipeline should support attractive medium-term earnings growth and shareholder returns.

Piraeus Bank (Long +30%) Q1 2026 results showed solid profitability and improving asset quality, confirming 2026 targets. Management expressed high confidence in the ongoing trajectory, seeing upside risk to current guidance. The highlight of the results was double-digit loan growth, with volumes exceeding Piraeus' expectations as corporate activity remained robust and the early innings of the mortgage recovery continued.

Lloyds (Long +20%) Q1 2026 operating profit was moderately above consensus with the total net profit result well above expectations on superior credit quality metrics. Management re-iterated guidance, citing healthy activity levels and ongoing resilient operating trends despite the Middle East conflict. Lloyds also expressed high confidence in continued capital generation, supporting the high capital return investment thesis on the stock. On the macro level, the higher-for-longer interest rate backdrop in the U.K., which gained traction in the quarter, is expected to support U.K. bank margins going forward.

Energy shorts contributed positively as crude oil prices fell sharply from US$93/bbl to US$73/bbl, a decline of -21%, driven by easing geopolitical risk and a recovery in shipments through the Strait of Hormuz following the Iran ceasefire.

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)	8.2	6.9	2.7							**10.6**

Portfolio positions

Number of total positions	98
Number of long positions	66
Number of short positions	32

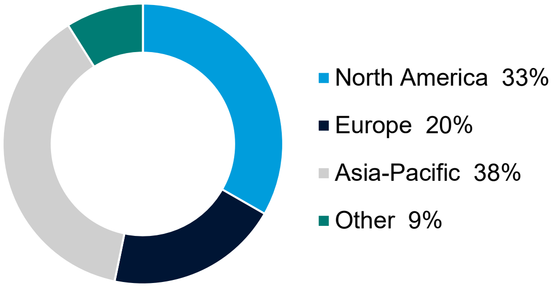
Net and gross exposure[6] (%)

	Gross long	Gross short	Net exposure
North America	65	(35)	30
Europe	57	(3)	53
Asia-Pacific	67	(46)	21
Other	-	(27)	(27)
Total	**188**	**(111)**	**77**

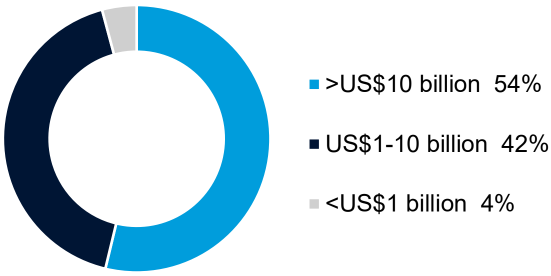
Company information as at 30 June 2026[7]

Share Price	$2.00
NTA before tax	$1.72
NTA after tax	$1.75
Shares on issue	547,658,403
Company market cap	$1.10b

Gross geographic exposure as a % of total exposure[6]



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
Joanne Jefferies	Non-Executive Director
Jane Stewart	Company Secretary
Registry	MUFG Corporate Markets
Company website	http://www.l1.com.au/GLS

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%
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.

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* Fees are quoted inclusive of GST and net of RITC. Management fees have been waived for the first 12 months from commencement date of the Fund (28 November 2025) and will be charged at 1.40% plus GST thereafter. ** 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.