

L1 CAPITAL
Part of L1 Group

Monthly report

L1 Long Short Fund Limited (ASX:LSF)

October 2026

- The L1 Long Short Fund (LSF) portfolio returned -2.3%[1] in October (ASX200AI 1.4%) taking performance for the calendar year to date to 13.7%[1] (ASX200AI 5.2%).
- Over the past year, the portfolio has returned 26.8%[1] (ASX200AI 3.7%).
- Since inception in 2014, the L1 Capital Long Short Fund has been the best performing long short fund in Australia, returning 19.7% p.a., compared to 8.0% p.a. for the ASX200AI.[2]

Australian equities recovered in October (ASX200AI +1.4%) despite a mixed global backdrop, benefitting from relatively lower AI exposure amid a global sell-off in AI stocks. Defensive sectors dominated returns, with a sharp rotation away from Resources and other AI-related industries. Utilities (+9%), Financials (+7%) and Healthcare (+6%) led the market, while Materials (-8%) and Information Technology (-3%) declined.

Domestic economic data remained challenging. September headline inflation accelerated to 4.3% year-on-year, from 4.0% in August, while trimmed mean inflation increased to 3.6%, remaining above the RBA's 2–3% target. Labour market conditions softened, with unemployment rising to 4.7% and employment falling by 39,000. The RBA held the cash rate at 4.60% throughout October, but persistent, broad-based inflation reinforced expectations of a further 25bp hike. The RBA subsequently delivered this increase at its November meeting, taking the cash rate to its highest level in 18 years.

Global equity markets were weak (MSCI World -0.8%, NASDAQ -5.3%) as enthusiasm around AI investment gave way to concerns about funding requirements and rising capital spending. Bond yields in the U.S. and other developed markets eased from recent highs, while Brent crude rose 13.6% due to ongoing Middle East tensions and heightened concerns over regional oil supplies.

Weakness in commodity-related holdings and offshore financials weighed on portfolio performance, more than offsetting a recovery in interest rate-sensitive positions that benefited from lower bond yields. Key detractors included Mineral Resources and Lloyds, while The Lottery Corporation contributed positively.

Mineral Resources fell 15.7% over the month as prices weakened for iron ore (-2%) and lithium (-30%). Sentiment towards lithium, particularly, has shifted sharply as the market absorbs a slowdown in projected battery demand and the resulting inventory destocking.

Returns (Net)[1,2] (%)

	LSF Portfolio	S&P/ASX200 AI	Out-performance
1 month	(2.3)	1.4	(3.7)
3 months	2.6	0.5	+2.1
1 year	26.8	3.7	+23.1
3 years p.a.	21.8	13.4	+8.5
5 years p.a.	14.0	8.0	+6.0
7 years p.a.	19.4	8.1	+11.3
LSF Since Inception p.a.	14.2	8.9	+5.3
LSF Strategy Since Inception p.a.	19.7	8.0	+11.7

Figures may not sum exactly due to rounding.

Lloyds shares declined amid an announced temporary increase in bank surcharges from 3% to 6% and disappointment over Q3 results. Despite strong earnings growth and targets remaining on track, investors had expected guidance upgrades. We believe Lloyds remains compelling at only 8.6x FY27 P/E, with continued double-digit EPS growth.

The Lottery Corporation shares rose sharply as the Powerball jackpot reached ~$100m in October, supporting improved revenue trends for the current half. The stock also benefitted from a decline in long-term bond rates.

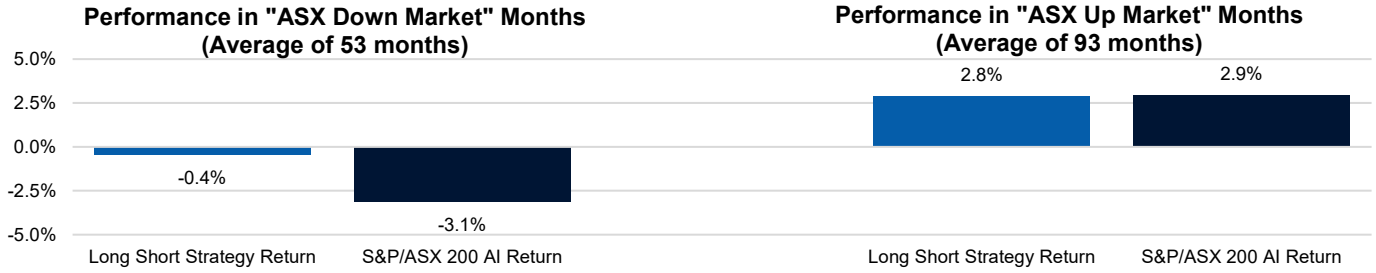
The ASX200 has been relatively flat over the past year, given a difficult Australian macro backdrop. We believe this backdrop is well suited to active stock picking, as individual companies with strong fundamentals can outperform a relatively flat broader stockmarket. Overall, we remain conservatively positioned given elevated geopolitical risks and Australian consumers generally feeling pressured from higher fuel prices, higher interest rates, falling house prices and reduced job security.

All performance numbers are quoted net of fees. Figures may not sum exactly due to rounding. **Past performance is not a reliable indicator of future performance. 1.** 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. **2.** LSF Strategy Since Inception returns are for the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). Ranking amongst funds in Zenith Australian Shares – Long Short sector using FE Analytics data as at 30 September 2026. Latest data available. 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.

Strategy returns (Net)[3] (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	-	-	-	-	-	-	-	-	(2.4)	3.0	2.8	1.6	**5.1**
2015	0.6	9.1	2.4	1.7	3.7	(0.9)	3.3	2.1	5.5	8.5	8.1	4.6	**60.5**
2016	5.8	0.6	5.5	2.5	2.8	(0.9)	3.2	3.9	0.5	(0.1)	0.5	2.2	**29.6**
2017	2.5	1.9	3.2	1.0	4.2	1.7	2.6	1.7	1.9	2.5	0.9	3.6	**31.4**
2018	0.6	(0.5)	(1.6)	(1.3)	(4.1)	(6.0)	1.0	(5.3)	(2.1)	(3.9)	(2.6)	(6.0)	**(27.7)**
2019	4.3	5.1	0.2	3.1	(2.7)	3.9	0.6	0.4	2.5	3.5	0.4	2.1	**25.5**
2020	(7.8)	(6.8)	(22.9)	23.2	10.9	(2.1)	(1.7)	10.0	0.6	(2.4)	31.9	4.3	**29.5**
2021	(0.2)	9.0	(0.1)	5.1	4.1	(0.5)	1.8	5.1	4.9	2.3	(7.4)	3.7	**30.3**
2022	2.8	6.9	1.3	3.4	0.1	(13.5)	(3.3)	5.4	(7.6)	5.2	7.5	4.4	**10.7**
2023	3.6	(2.0)	0.5	1.6	(3.2)	1.7	5.2	(4.9)	0.9	(3.1)	2.4	3.7	**6.2**
2024	0.3	(1.0)	8.1	3.3	2.6	(5.0)	1.5	(3.3)	4.3	(1.4)	(2.9)	(3.8)	**2.0**
2025	0.2	(0.9)	2.0	(0.7)	6.9	5.8	2.3	6.1	4.3	2.3	7.5	3.7	**46.8**
2026	9.3	(0.9)	(7.8)	6.2	7.0	(0.7)	(1.5)	9.6	(4.1)	(2.3)			**13.7**

Strategy performance in rising and falling markets[4] (Net)



Portfolio positions

Number of total positions	82
Number of long positions	58
Number of short positions	24
Number of international positions	27

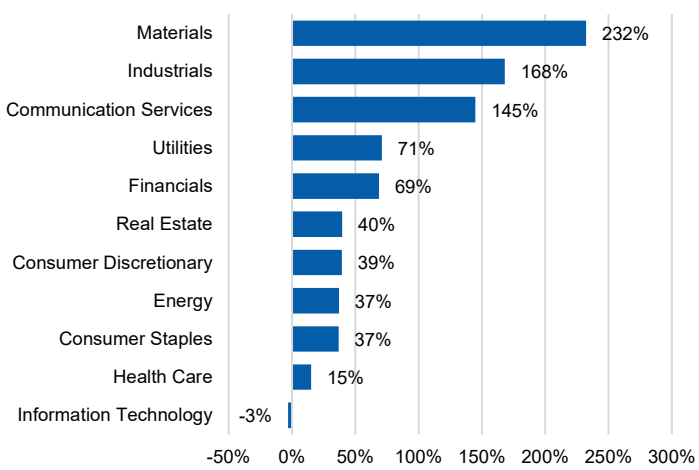
Company information as at 31 October 2026[6]

Share Price	$4.35
NTA before tax	$4.11
NTA after tax	$3.95
Shares on issue	635,424,023
Company market cap	$2.76b

Net and gross exposure[5] (%)

	Gross long	Gross short	Net exposure
Australia/NZ	80	(89)	(9)
North America	26	(3)	23
Europe	34	-	34
Asia	8	-	8
Other	-	(16)	(16)
Total	**148**	**(108)**	**40**

Sector contribution since Strategy inception[4] (Net)



All performance numbers are quoted net of fees. Figures may not sum exactly due to rounding. **Past performance is not a reliable indicator of future performance**. **3.** 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. Strategy returns table is for the L1 Long Short Fund Limited (ASX:LSF) since inception on 24 April 2018. Performance prior to this date is that of the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). **4.** Performance and contribution are that of the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). **5.** Other refers to positions or portfolio hedges that are not specific to a single region. **6.** The NTA before tax is calculated before the provision for deferred tax on unrealised gains and losses on the investment portfolio. The NTA after tax is calculated after all taxes.

Key personnel

Andrew Larke	Independent Chair
John Macfarlane	Independent Director
Harry Kingsley	Independent Director
Julian Russell	Non-Independent Director
Jane Stewart	Non-Independent Director
Nathan Jong	Company Secretary
Registry	MUFG Corporate Markets
Company website	www.L1LongShort.com

Company information – LSF

Name	L1 Long Short Fund Limited
Structure	Listed Investment Company (ASX:LSF)
Inception	24 April 2018
Management fee*	1.44% p.a.
Performance fee**	20.5%
High watermark	Yes
Platform availability	BT Panorama, CFS Firstwrap, HUB24, IOOF, Macquarie Wrap, Mason Stevens, Netwealth, Powerwrap, uXchange

L1 Capital (Investment Manager) 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. ** 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 Long Short Fund Limited, managed by L1 Capital Pty Ltd, has been established to invest in a portfolio of predominantly Australian and New Zealand securities, with up to 30% invested in 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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