L1 CAPITAL

Quarterly report

L1 Capital Long Short Fund – Monthly Class

September 2025

- The L1 Capital Long Short Fund returned 13.4%[1] for the September quarter (ASX200AI 4.7%) taking performance for the calendar year to 28.4%[1](ASX200AI 11.5%).
- Over the past 5 years, the Fund has returned 22.1%[1] p.a. (ASX200AI 13.0% p.a.).
- For insights on portfolio positioning and our market views, please click here to join our webinar on Thursday, 20 November at 11am AEDT.

Global equity markets moved higher during the quarter, supported by dovish Fed commentary, strong U.S. earnings and a continued surge in A.I. investment. The U.S. economy has been surprisingly resilient despite an uncertain government and monetary policy backdrop. The Fed responded to weaker employment data with a dovish pivot during the quarter which resulted in a 25bps rate cut at its September meeting. FOMC members' median expectations are now for an additional 50bps of rate cuts for the remainder of 2025 (up from 25bps expected at the end of the last quarter).

The ASX200AI lagged other markets but still rose 4.7% for the quarter, despite a relatively weak corporate earnings season, a lower earnings growth outlook and a moderation in rate cut expectations. The RBA delivered a more hawkish outlook than expected in September following a slower-than-anticipated fall in underlying inflation alongside stronger consumption growth.

Gold performed strongly during the quarter (+17%), driven by a range of factors including ongoing global central bank buying, expanding U.S. fiscal deficits, interest rate cuts and growing concerns regarding the Fed's independence. The gold price has now increased 46% over the last 12 months, the strongest annual gain since 1979. The copper price also rose, driven by supply disruptions and a strong global demand outlook, driven by power infrastructure and grid spend.

The portfolio performed strongly over the quarter, with broad-based gains across multiple positions – 19 stocks each contributed more than 0.5% to returns. The Fund also benefitted from our exposure to gold and copper stocks, which we have been positive on for several years.

Fund returns (Net)[1] (%)

	L1 Capital Long Short Fund	S&P/ASX 200 AI	Out-performance
3 months	13.4	4.7	+8.7
1 year	18.6	10.6	+8.1
3 years p.a.	18.5	15.2	+3.3
5 years p.a.	22.1	13.0	+9.1
7 years p.a.	16.2	9.3	+7.0
10 years p.a.	17.5	10.1	+7.4
Since Inception p.a.	**19.0**	**8.5**	**+10.6**

Figures may not sum exactly due to rounding.

Returns since inception (Net)[1] (%)

	Cumulative return	Annualised return p.a.
L1 Capital Long Short Fund	589.4	19.0
S&P/ASX 200 Accumulation Index	146.2	8.5
MSCI World Net Total Return Index (USD)	197.9	10.3

We believe the Australian equity index is relatively fully valued, with several large cap stocks trading far above historical multiples and global peers. Encouragingly, we are finding numerous undervalued stocks offshore, where we see a far more compelling combination of strong earnings growth, shareholder friendly management, conservative balance sheets and significant valuation support. We continue to believe that infrastructure, mid cap gold, copper, travel and 'quality value' stocks provide some of the best opportunities globally. Our portfolio also has a stronger than usual Value skew. Despite elevated market multiples, our median long position has a P/E of only ~11x and should deliver double-digit EPS growth. This provides a compelling medium-term return profile in spite of a slowing macro backdrop.

1. 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.** Based on returns achieved by the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). 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

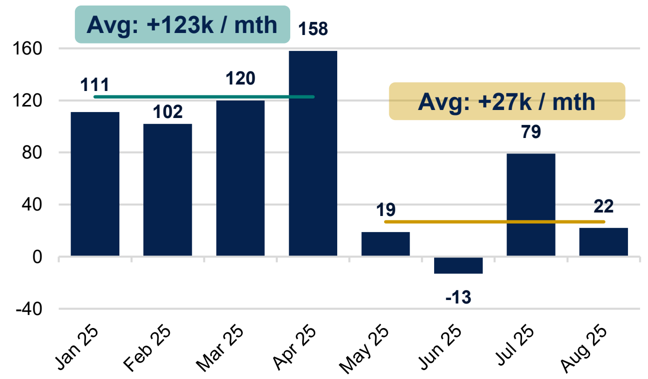
U.S. monetary policy was a key focus for equity markets this quarter and a key reason for the rally. While recent U.S. economic growth has been stronger than expected, with real GDP growth of 3.8% in Q2 2025, this has been accompanied by an abrupt weakening in employment growth. U.S. non-farm payrolls data softened significantly over the last few months, with average new jobs created of ~27,000 per month, well below the first few months of the year, where over ~120,000 jobs per month were created (refer Figure 1).

There has also been an ongoing deterioration in other labour market indicators such as the vacancy rate (ratio of job openings to unemployed workers), which is now below pre-pandemic levels (refer Figure 2), and a gradual increase in the unemployment rate from 4.1% in June 2025 to 4.3% in August 2025.

Ultimately, this labour market weakness was sufficient for the Chairman of the Federal Reserve, Jerome Powell, to signal a dovish pivot in his annual address at the Jackson Hole Symposium in August and for the Fed to deliver a 25bps cut to the federal funds target rate at its meeting in September.

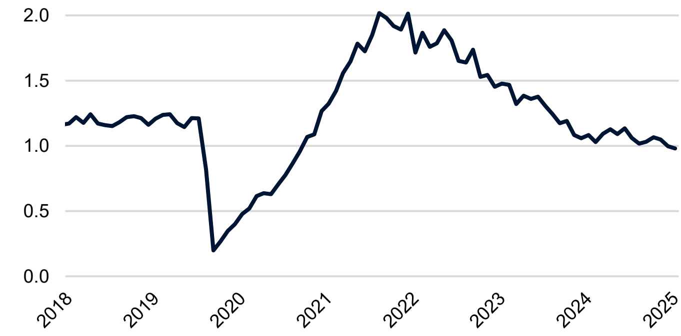
> "In the near term, risks to inflation are tilted to the upside and risks to employment to the downside – a challenging situation. When our goals are in tension like this, our framework calls for us to balance both sides of our dual mandate. With downside risks to employment having increased, the balance of risks has shifted."
>
> Fed Chair, Jerome Powell (Sep 2025)

Figure 1: U.S. non-farm payroll (monthly change, '000s)



Source: Bloomberg

Figure 2: U.S. vacancy rate (job openings/unemployed)

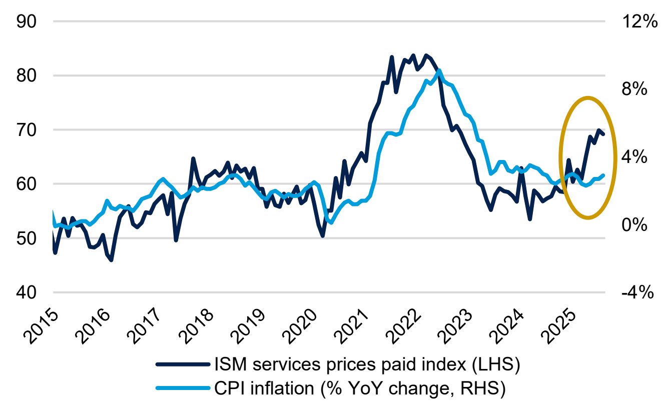


Source: Bloomberg

The Fed acknowledged that U.S. inflation remains elevated and risks to the inflation outlook have shifted to the upside, particularly as higher tariff rates take effect. Core PCE inflation of 2.9% in August was in line with market expectations but remains well above the Fed's 2.0% long-term target.

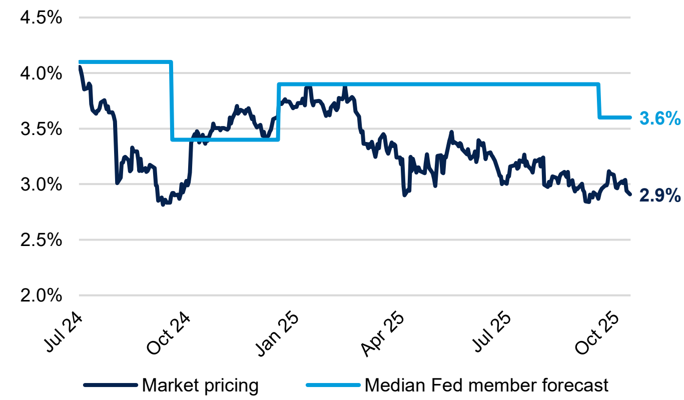
We see increasing risks that inflation remains elevated as leading indicators, such as the ISM Services Prices Paid index, have moved higher in recent months (refer Figure 3). This could constrain the Fed's ability to be more aggressive with interest rate cuts going forward. The Fed's 'dot-plot' projections indicate only one interest rate cut in 2026, which remains well below futures market expectations of close to 3 rate cuts (refer Figure 4).

Figure 3: U.S. ISM services prices paid index and CPI



Source: Bloomberg

Figure 4: Fed funds rate forecast for year-end 2026

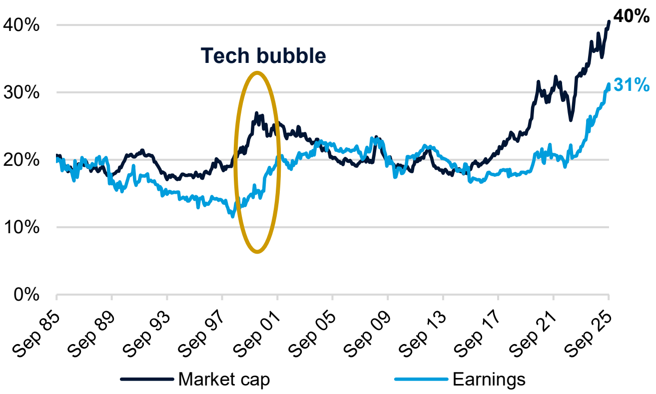


Source: Bloomberg

U.S. corporate earnings continued to remain resilient, which was another key factor that supported markets over the quarter. Approximately 80% of S&P500 companies reported Q2 2025 EPS above consensus expectations, with overall annual earnings growth for the S&P500 of approximately 12% (the third consecutive quarter of double-digit growth). Consensus expectations for Q3 earnings growth are slightly lower but still relatively strong at 8.0% for the S&P500, with Q3 being the first time aggregate earnings growth expectations have been revised higher during the quarter since 2021.

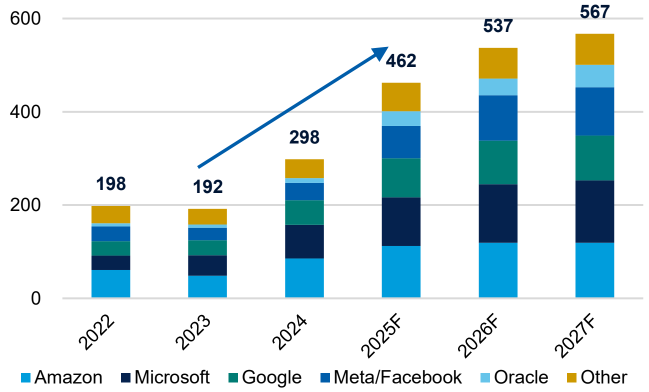
The major theme fuelling returns has been A.I. optimism and the continued surge in investment spend. Large hyperscalers are expected to spend US$460b on A.I. related capex in 2025 alone (refer Figure 6). This is a 55% step up on the spending in 2024 and more than double the spend in 2022/23. The key debate remains what potential returns this spend will drive, particularly as these annual costs are likely to be depreciated over a short timeframe given the rapidly advancing technology.

Figure 5: 10 largest companies as share of S&P500



Source: Goldman Sachs Investment Research

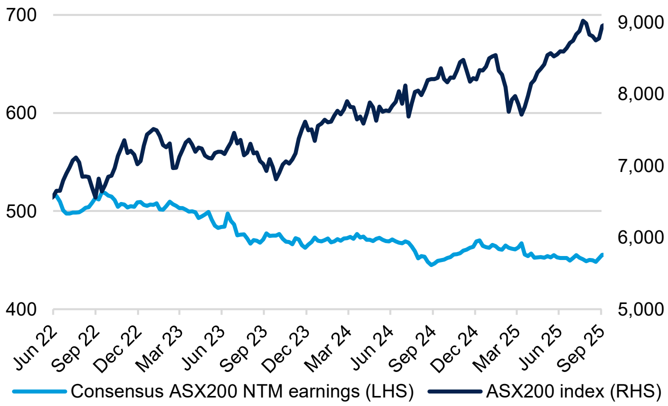
Figure 6: Cloud capex – Large hyperscalers (US$b)



Source: S&P Capital IQ, RBC Capital Markets

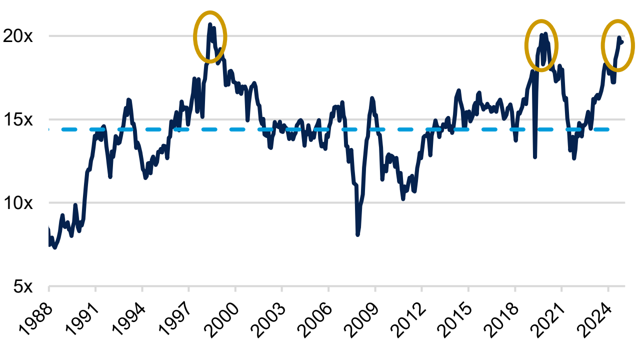
In contrast to the U.S. market, the ASX reporting season in August was generally weak, with an elevated proportion of companies missing FY25 consensus earnings expectations, and net downgrades to the average earnings outlook for FY26. The twelve month forward earnings outlook for the ASX200 has now declined over each of the past three financial years. However, the ASX200 index has increased by 30% over this period. As a result, the ASX200 now trades on approximately 20x 12-month forward earnings. It has only (briefly) traded close to this level twice before – during the tech bubble and during the COVID-19 pandemic.

Figure 7: ASX200 12m forward EPS and price index



Source: MST Marquee

Figure 8: ASX200 next 12m P/E



Source: MST Marquee

Portfolio positioning

The portfolio performed strongly over the quarter, with a broad set of significant contributors. 19 stocks each contributed more than 0.5% to overall returns, with notable strength from CRH, NexGen Energy, Fraport, Imdex and Chorus. The Fund also benefitted from our exposure to Gold and Copper as rising commodity prices supported robust gains to our positions in the sector including WestGold and Hudbay. Encouragingly, several holdings that had previously weighed on performance rebounded strongly, including, Mineral Resources which was a strong contributor this quarter. We have included a more detailed write-up on the Uranium sector and NexGen Energy in the 'Stock Spotlight' section below, and further detail on key stock contributors on page 8.

We continued to rotate the portfolio by trimming and exiting positions that have come close to our view of fair value and adding new positions where we see a compelling combination of strong earnings growth, shareholder friendly management, conservative balance sheets and significant valuation support.

In early September, we exited our longstanding position in Flutter, before the recent sell-off. Flutter has been a strong contributor to Fund returns over the past few years. While we continue to see the company as a best-in-class operator in the U.S. sports-betting market, the lack of regulation around prediction markets such as Kalshi and Polymarket has created a lot of uncertainty for the regulated sector going forward. We will continue to re-evaluate our positioning as more clarity emerges in the coming months.

Overall, the portfolio remains weighted towards high quality, lower P/E stocks and solid earnings growth prospects. We have a stronger than usual Value skew at present, with our median long position having a P/E of 11x and double-digit EPS growth, providing a compelling medium-term return profile in spite of a slowing macroeconomic backdrop.

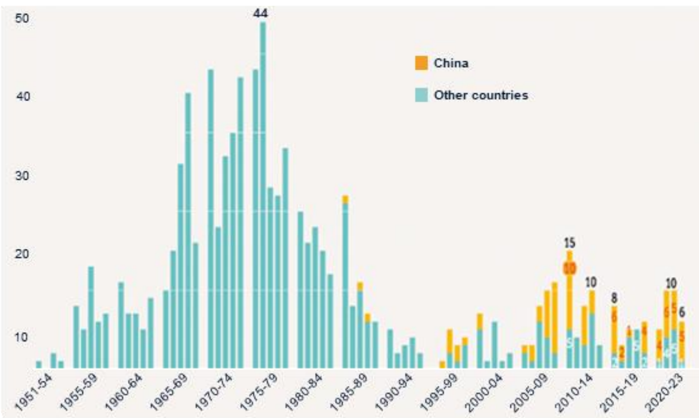
Sector Spotlight | Uranium

After the 1980s, the global buildout of new nuclear reactors declined materially, driven by safety incidents (Chernobyl, Fukushima, Three Mile Island), declining public perception and increasing regulatory burden, coupled with growing capital requirements and cost over-runs. From the 1990s onwards, most of the world's new reactor construction starts have been concentrated in China, which has embraced nuclear power (refer Figure 9).

Over the last several years, there has been a shift in sentiment, public policy and funding back towards nuclear energy generation. As power generation requirements grow and grids become more complex and, in some cases fragile, nuclear has been identified as well positioned to re-grow its share of the energy mix. This has been the case, in particular, with the energy intensive growth of data centres and A.I., which have been a commonly discussed use case for new reactors. Relative to other power generation methods, the merits of nuclear are compelling (refer Figure 10).

It is carbon free, firm, reliable, safe, not weather or local resource dependent and land efficient. Perhaps most critically, as solar and wind gain a larger share of total grid generation, it is becoming more critical to have supportive 'baseload' sources of power that can complement the volatility in output from renewables (historically coal and gas had firmed the grids). In addition, new technologies are pioneering a next generation of reactors, which aims to make them significantly cheaper, quicker and less invasive to construct. If commercially successful, these technologies could rapidly re-accelerate nuclear adoption.

Figure 9: Global nuclear reactor construction starts



Source: WNISR. Data from 1951 to December 2023

Figure 10: Nuclear power meets key objectives

Nuclear Meets All Key Power Generation Objectives	Nuclear	CCGT	Coal	Wind	Solar	Hydro
Baseload	✓	✓	✓	✗	✗	✓
Capacity Factor	✓	✓	✓	✗	✗	✗
Low Emissions[3]	✓	✗	✗	✓	✓	✓
Ability to Add Additional Capacity	✓	✓	✗[4]	✓	✓	✗[5]
Large-Scale Output[6]	✓	✓	✓	✗	✗	✓
Protected from Fuel Supply Interruption	✓	✗	✗	✗	✗	✓

Source: Cameco

Beyond an academic discussion, the re-embracing of nuclear as an important source of power generation is evident in a stark policy shift from both the public and private sectors, with select examples shown in Figure 11 below.

Figure 11: Public and private sector embrace of nuclear

Public sector goals (selected)

- **COP28 (2023):** More than 20 countries (inc. France, U.K., South Korea) issued a declaration to triple nuclear capacity by 2050
- **China (2023):** State owned China General Nuclear Power Group envisages growing nuclear power capacity to 400GW by 2060 (equivalent to the entire global fleet today)
- **U.S. (2025):** Trump signed several executive orders promoting nuclear, including a target to quadruple U.S. nuclear capacity by 2050

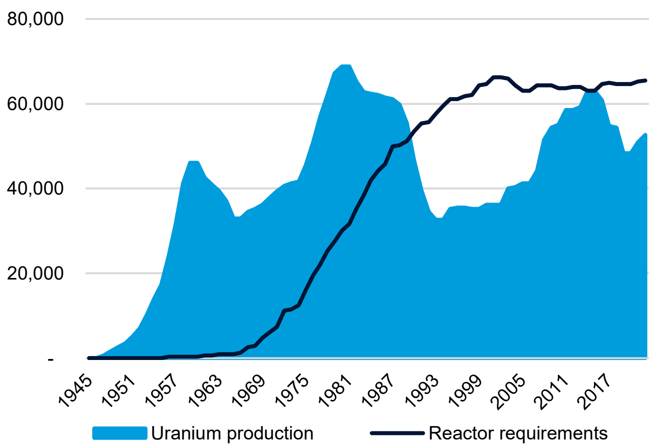
Hyperscalers (selected agreements)

- **Microsoft (2024):** 20-year power purchase agreement to restart Three Mile Island Unit 1 for data centres
- **Alphabet (2024):** Agreement with Kairos Power to deploy a fleet of advanced reactor plants
- **Amazon (2024):** Amazon signs agreement to support development of new SMR technology
- **Meta (2025):** 20-year deal signed to support the operation of the Clinton Plant in Illinois

Benefitting from the resurgence in sentiment for nuclear energy are uranium and the uranium miners, after what has been a challenging last decade. Uranium markets have suffered with prices depressed well below incentive levels for production, with large above ground stockpiles from a massive cold war era overproduction and post-cold war weapon disarmament (converting weapons to fuel) holding the market in surplus. Utilities could rely on supply sources outside of newly mined material to fill any gaps required, at lower prices. As a result of this challenging market, many mines were shut and investment in the sector went to a bare minimum, leaving it significantly undercapitalised. As a result, uranium production over the last 30 years has been substantially below the levels required to run the world's existing reactor base (refer Figure 12). From the early 2000s onwards, the primary contributor to global uranium production growth has been Kazakhstan, while the rest of the world's production declined.

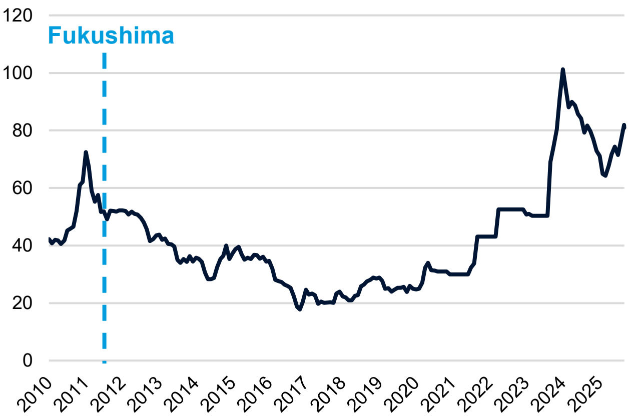
This is an unsustainable long-term equation, as mobile stockpiles and inventories continue to draw lower, despite major nations declaring an intention to increase nuclear capacity by 3-4x over the next 30 years. Uranium prices have started to reflect this, with prices moving higher, briefly reaching >US$100/lb in 2024 from lows of ~US$20/lb in 2016 (refer Figure 13). The emerging market tightness has also been exacerbated by a large accumulation of uranium by financial players (e.g. Sprott Physical Uranium Trust), building inventory in anticipation of the eventual structural deficit.

Figure 12: World uranium production vs. requirements



Source: OECD-NEA, IAEA, WNA

Figure 13: Uranium prices (US$/lb U_3O_8)

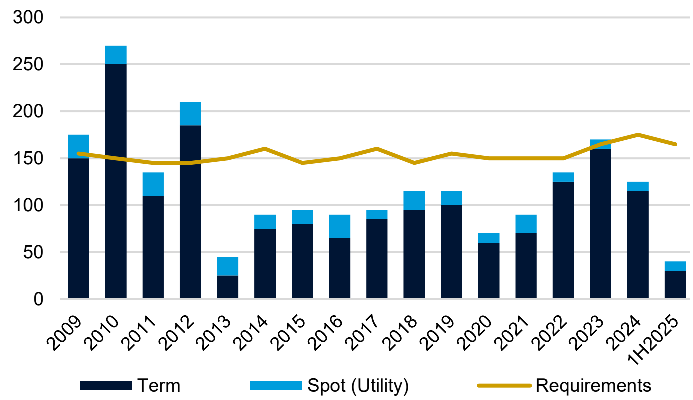


Source: Factset

Despite the above-mentioned backdrop, utilities have continued to contract new uranium at levels below consumption, implying a continued drawdown on secondary sources (refer Figure 14 on the next page). This could represent a degree of complacency in what is a fragile supply environment. Supply of mined uranium (U_3O_8) is concentrated primarily outside of Western nations, in places such as Kazakhstan (~40% of global supply) and Africa, and notably under the sphere of Russian and Chinese influence.

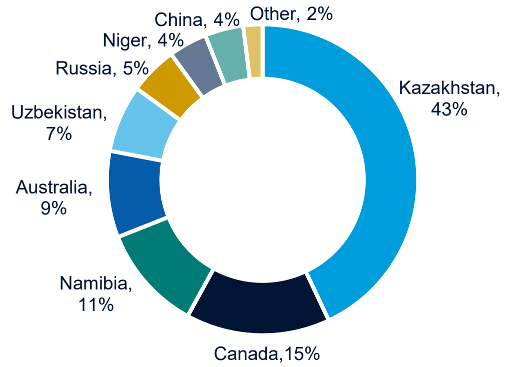
The geographic risks are not unique to uranium mining, but it is noteworthy that the broader supply chain including uranium conversion and enrichment is also dominated by Russia and China. Interestingly, China has been one of the few nations to significantly increase commercial inventories over the last several years supporting an aggressive expansion of their nuclear generation capacity.

Figure 14: Utilities replacement contracting



Source: UxC

Figure 15: Uranium supply as % of total



Source: EIA

The base of Western supply is currently dependent on a few large-scale mines (e.g. Cigar Lake, McArthur River in Canada), which have mine lives now approaching less than 10 years. The world's two largest producers of Uranium, Kazatomprom (Kazakh) and Cameco (Canadian), have both signalled to the market a 'value over volume' approach and seem to have limited appetite to invest to grow production further at these price levels. Both producers have had issues delivering against previously stated levels of production for a variety of reasons and have repeatedly downgraded production guidance.

While improved uranium prices have started to incentivise mine restarts and to re-engage enthusiasm for new projects, restarts have proven more challenging (e.g. Paladin and Boss have both downgraded expectations on restarts) and there are only a handful of significant projects that are well enough progressed through feasibility and permitting that could come into production over the next five years. New discoveries for any commodity in the Western nations will typically take 10-20 years from discovery to production, with uranium having an even more intensive regulatory hurdle (e.g. multiple Australian states have a ban on new mines).

This supply fragility is in the context of the World Nuclear Authority suggesting that by 2040 global uranium demand will increase to ~400Mlb from 180Mlb today. The 2040 demand number in its 2025 report was a 16% upgrade from its report two years ago (i.e. the numbers are trending higher).

With existing mines depleting and a limited pool of new projects, the source of supply, particularly in Western markets, is unclear today, with it being very likely that Eastern market supply will be absorbed by Chinese demand. As a result, it is logical to expect competition for uranium will dramatically increase towards the end of this decade. We expect this competition for supply to flag national security concerns and resulting regulatory action, as seen with other critical minerals (e.g. rare earths). With uranium representing a small percentage cost for utilities (<10% of operating costs), but security of supply being critical, we expect prices can move significantly higher still (refer Figure 14).

Having extensively reviewed the investable universe across the Uranium sector, we favour investing in companies with tier one projects in Western jurisdictions that will evolve to become globally strategic assets. A key pick in the Long Short Fund has been NexGen Energy.

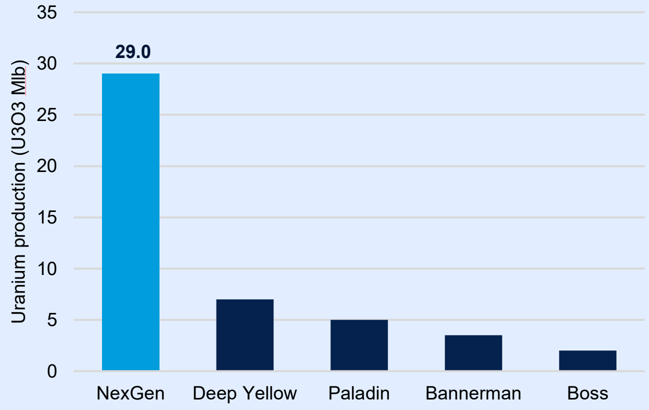
NexGen Energy

NexGen is a prospective uranium miner listed on both the Toronto and Australian stock exchanges, with a market capitalisation of ~C$8b (including a recent C$950m equity issuance). The company is the 100% owner of the Rook I project, where it 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 medium-term market deficit.

The company is about to enter the final stage of Canadian federal approval (permitting process commenced in 2019) with a commission hearing expected to conclude in H1 26, after which it can commence full scale project construction. Once developed, Arrow has the potential to generate ~29Mlb of uranium per annum for the first five years, making it the largest uranium mine globally. The scale of, and quality, of NexGen's resource is genuinely differentiated vs. peers (refer Figure 16).

NexGen recently raised over ~C$950m to fund the development of Arrow. Post raise, the company will have cash on balance sheet of ~C$1.25b, uranium inventory of 2.7Mlb (~C$300m) and liquid equity investments of ~C$160m. With the company in the process of pursuing project finance debt, we believe they are now funded to first production (total capex estimated at C$2.2b). Management is strongly aligned to shareholders, with 7% ownership.

Figure 16: ASX-listed uranium developers



Source: Company reports

Figure 17: NexGen share price over time (C$/sh)

Source: Factset

We began accumulating our position in NexGen in 2021 (refer Figure 17) and continue to remain a major shareholder. Our core NexGen investment thesis is based around the following key points:

1. **Tier 1 project:** Rook I project is tier one in terms of scale and quality. It has capacity to produce nearly 30Mlb of uranium per annum, over a multi-decade mine life and sits at the very bottom of the cost curve at ~US$10/lb operating cost for the first five years. The quality of the deposit is driven by the combination of scale and high grade, with the early years of the project running at a grade of >3% U_3O_8 (favourable in a global context). From a financial perspective, at a US$80/lb uranium price (below current spot), the project has a 1.2-year payback period and a published post-tax IRR of ~40%.
2. **Leverage to uranium prices:** As articulated above, we believe the risk skew on uranium prices in the medium term is significantly to the upside. Unlike other major producers, NexGen's production remains largely uncontracted (peers have fixed prices and/or price caps). The first few contracts NexGen have signed retain upside exposure to spot prices.
3. **Material valuation support**: At US$80/lb uranium (below current spot price) Rook I has annual EBITDA of ~C$2.8b and post-tax cash generation of ~C$1.7b. NexGen's market capitalisation is ~C$8b and adjusting for required debt project finance implies a total capitalisation of ~C$9.2b. This represents an EV/EBITDA multiple of 3.3x, while Cameco currently trades at an EV/EBITDA of ~27x.
4. **Significant exploration upside**: Given the Arrow deposit is located underground at depth it is materially more efficient for the company to drill from underground once the shaft has been built. This drilling will likely result in the conversion of a significant portion of 'inferred resources' (~80Mlb) not currently included in the mine plan, in additional to material outside any current resource definition. Most material to the project net present value will be extending the duration of elevated production levels (currently elevated for the first five years).

A recent new material development has been the discovery of a brand-new deposit, Patterson Corridor East (PCE), which is 3.5km from the Arrow deposit. While it remains early stage, significant mineralisation zones have been confirmed (600m strike x 600m depth), with drill results indicating pockets of extremely high-grade mineralisation. It is very possible that PCE is another Arrow style deposit, very proximate to the existing mill, providing long term optionality for more production (optimise grade) or life extensions.

Key stock contributors for the quarter

Mineral Resources (Long +91%) shares rallied strongly during the quarter as lithium prices continued to move sharply higher (+36%) from multi-year lows, following the closure of a major Chinese operating company owned by CATL and speculation around further Chinese supply cuts. During the quarter, Mineral Resources announced that the Onslow Iron Project Road upgrades had been completed, removing the final bottleneck for the project running at full capacity. Pleasingly, prior to the road being fully complete, the project had exceeded targeted nameplate iron ore shipments in August (3.2Mt shipped in August vs. 2.9Mt monthly nameplate). At full run-rate and US$100/t iron ore prices, the company anticipates Onslow generating ~$1.3b in EBITDA, materially contributing to balance sheet de-leveraging. In addition, during the quarter, the Company announced the offering and pricing of a US$700m 2031 bond, replacing those of equal quantum maturing in 2027 materially improving near term liquidity.

Mineral Resources continues to make significant progress towards a Board and governance reset with the appointment of a number of new Non-Executive Directors, following Malcolm Bundey commencing his role as Chairman at the start of July. We continue to believe that each of the company's core segments should see material improvement from current levels over the medium term and we believe the risk-reward at the current share price still remains compelling.

Westgold (Long +56%) performed strongly during the quarter as the gold price moved sharply higher (+17% for the quarter). We refer our readers to our [December 2024 quarterly report](), where we discussed our positive outlook for gold and our positioning within gold equities, specifically focused on mid-cap producers. Gold's significant outperformance continues to be driven by a potential combination of large and growing public fiscal deficits, a devaluation of the U.S. dollar, emerging market central bank accumulation and now a global rate cutting cycle.

Subsequent to the quarter end, Westgold released a 3-year outlook for the business that was well received by the market. The outlook demonstrated its transformation into a producer of material scale, with FY25 production of ~325koz expected to grow towards ~470koz in FY28. We believe there remains significant medium-term upside to grow this production number further. Importantly, Westgold is upgrading the quality of its portfolio by focusing on scalable operations, enabled through investment in exploration. We expect this to result in a more efficient cost structure over time, and ultimately, a significantly stronger earnings profile.

NexGen Energy (Long + 32%) moved higher as spot uranium prices increased 10% during September to close at US$82/lb, based on the strong medium term demand outlook for nuclear energy being met with supply uncertainty. In late August, Cameco, the world's second largest uranium producer, downgraded its 2025 production guidance, and Kazatomprom, the world's largest uranium producer, indicated a more moderate 2026 production target. Post quarter end, NexGen announced a ~C$950m equity raise, which funds the equity portion required for the total project capex of ~C$2.2b.

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. The company is about to enter the final stage of Federal approval with a commission hearing expected to conclude in H1 26, after which it can commence full scale project construction. 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$8b.

Hudbay Minerals (Long +46%) shares rose over the quarter as copper prices moved higher (+2%), most notably in September with Freeport's Grasberg mine suspending production following a tragic mud slide resulting in fatalities and damage to infrastructure. With 3% of global copper supply, Grasberg's interruption compounds the impact of other significant ongoing operational disruptions seen elsewhere in the world (e.g. El Teniente, Kamoa-Kakula and Cobre Panama). While copper supply lags, copper demand remains underpinned by powerful growth drivers in electrification, A.I. and defence.

In August, Hudbay announced a US$600m strategic investment from Mitsubishi Corporation in consideration for a 30% interest in its Copper World project. Copper World is a fully permitted project located in Arizona expected to deliver 85ktpa of 'Made in America' copper by the end of the decade, which will increase Hudbay's total copper production by more than 50%. The investment by Mitsubishi was extremely well received by the market as it reduced Hudbay's required equity share of capital contribution to only ~US$200m (vs. total project capital of ~US$1.1b), implying a robust 90% equity IRR for Hudbay. The transaction was also done at a premium to consensus valuations for the asset, demonstrating the strategic value of domestic U.S. copper production.

Hudbay is a mid-tier mining company, primarily producing copper, along with gold and zinc, with its key assets located in Canada, Arizona and Peru. We are attracted to Hudbay due to our positive medium-term outlook for copper and the company's ability to generate strong near-term cash flow and recycle capital back into its highly prospective exploration program and major growth projects.

Imdex (Long +24%) performed strongly as the company flagged a strong final quarter FY25 performance and positive market sentiment for FY26. Junior miner equity raising activity, a key leading indicator for exploration spend, continues to trend positively and has reached the highest levels since 2021. This should provide a strong tailwind for the company as exploration activity increases after a period of weak underlying market conditions. Imdex continues to execute well, reporting increased market share and resilient margins due to its leading product offering and strong cost management. We still see positive tailwinds for the business, above and beyond the improving market environment, underpinned by further market share gains, margin expansion and digital penetration.

CRH (Long +31%) shares rallied after reporting solid second quarter earnings and upgrading its full year EBITDA guidance towards the top end of the prior range. The company was able to offset adverse weather conditions and a subdued U.S. residential market to deliver strong earnings growth and margin expansion with its Q2 results. U.S. infrastructure spending continues to remain robust and largely unaffected by the change in administration. With less than 40% of the Infrastructure Investment and Jobs Act (IIJA) spending deployed to date, we expect further tailwinds for infrastructure spending over the medium-term.

CRH is also positively exposed to a potential recovery in U.S. and European residential activity which have been under pressure amidst affordability constraints and consumer uncertainty.

Fraport (Long +15%) shares were stronger over the quarter on a number of fronts. The release of the company's second quarter result delivered earnings broadly consistent with market expectations, while also providing a positive update on the final construction stages for the third terminal (T3) build in Frankfurt. Post the end of the quarter, Fraport was able to confirm a T3 opening date in April 2026, re-affirming project delivery being on schedule. Also supporting the stock was management giving its strongest indication thus far that the company will be in a position to return to paying dividends from May next year. This would represent the first dividend payment for the company since COVID.

Separate from the result, Fraport remains on the cusp of an inflection point for the business as revenues and earnings continue to grow and dividends should accelerate higher over the next few years. Significantly, new terminals in Lima and Turkey are now complete and operational, while construction of the €4b new Terminal 3 in Frankfurt is nearing completion and will open in the second quarter of 2026.

Completion of T3 will be a significant milestone for Fraport, as the construction and capital demands subside. We continue to see substantial valuation upside for Fraport over the medium term, which we anticipate will be reflected in the share price over time as the company achieves these positive milestones.

Chorus (Long +8%) shares benefitted from several incremental but positive events. In August, Chorus delivered an FY25 result and FY26 outlook that was broadly in line with expectations. However, the FY26 dividend guidance for 60cps (up 4.3% on prior year) was modestly ahead of market expectations and was well supported by ongoing discipline over the levels of 'sustaining' capex spend. During the quarter Chorus implemented speed boosts and also flagged price changes for 2026, which were also slightly ahead of market expectations.

Chorus has now rallied more than 500% since our first investment in Chorus on day 1 of the Long Short Fund in 2014. Despite this huge rally, dividends have grown rapidly as well, with Chorus still offering a dividend yield of close to 7% p.a.,. Chorus remains an attractive asset, with the business well placed to deliver robust earnings and dividend growth in the years ahead from a unique platform as a scarce, regulated, essential digital infrastructure operator.

Key stock detractor for the quarter

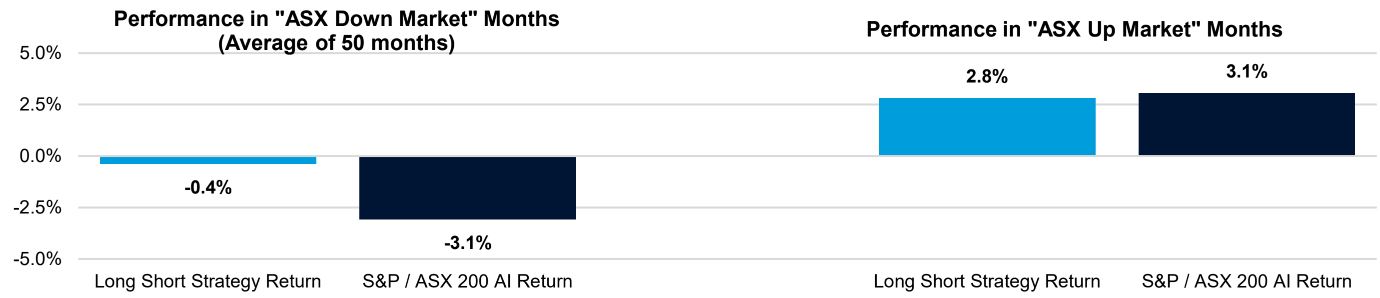
Santos (Long -12%) shares declined in the September quarter as the ADNOC-Carlyle consortium formally withdrew its indicative takeover offer. After several extensions of the due diligence and exclusivity period (last extended to 19 September), the parties could not agree on several key commercial terms. These included the allocation of risk regarding regulatory approvals and potential tax liabilities, especially relating to potential capital gains tax exposure on the Papua New Guinea assets. The indicative proposal had represented a 28% premium (A$8.89/sh) to the share price of Santos prior to the offer.

Despite the unsuccessful takeover outcome by the ADNOC-Carlyle consortium, we continue to believe Santos is an attractive stand-alone investment proposition at the current share price. The company continues to make significant progress on its key growth initiatives, with its Barossa project effectively complete and its Pikka project more than 91% complete, with first oil production accelerated to Q1 26. The completion of these significant growth projects will conclude a multi-year period of elevated investment and represents an inflection point for earnings and dividends going forward. As a result, and regardless of any future takeover proposal, we believe Santos remains well positioned to deliver attractive future returns for shareholders.

Strategy returns (Net)[2] (%)

	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)	1.6	(3.8)	(6.3)	0.8	(5.9)	(2.1)	(4.0)	(2.6)	(6.1)	**(26.4)**
2019	4.4	5.2	0.2	2.8	(2.8)	3.8	1.2	0.4	2.6	3.4	0.3	2.2	**26.2**
2020	(7.8)	(7.1)	(23.0)	23.0	11.0	(2.2)	(1.9)	10.0	0.5	(2.6)	32.3	4.2	**28.0**
2021	(0.1)	9.1	(0.1)	5.0	4.1	(0.6)	1.8	5.2	4.8	2.3	(7.2)	3.6	**30.6**
2022	2.7	7.0	1.5	3.3	0.1	(13.4)	(4.6)	5.7	(7.8)	5.1	7.9	4.3	**9.8**
2023	3.7	(2.0)	0.7	1.9	(3.4)	1.8	5.4	(4.7)	0.9	(3.1)	2.5	3.7	**6.9**
2024	0.3	(0.8)	8.3	3.3	2.7	(5.0)	1.6	(3.4)	4.2	(1.2)	(2.9)	(3.8)	**2.5**
2025	0.3	(0.9)	1.8	(0.6)	6.6	5.6	2.4	6.1	4.4				**28.4**

Strategy performance in rising and falling markets[2] (Net)



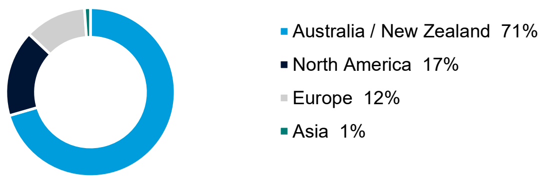
Portfolio positions

	Current	Avg. since inception
Number of total positions	76	81
Number of long positions	60	57
Number of short positions	16	24
Number of international positions	28	25

Net and gross exposure[2] (%)

	Gross long	Gross short	Net exposure
Australia/NZ	97	(79)	18
North America	41	0	41
Europe	29	0	29
Asia	3	0	3
Total[4]	**171**	**(79)**	**92**

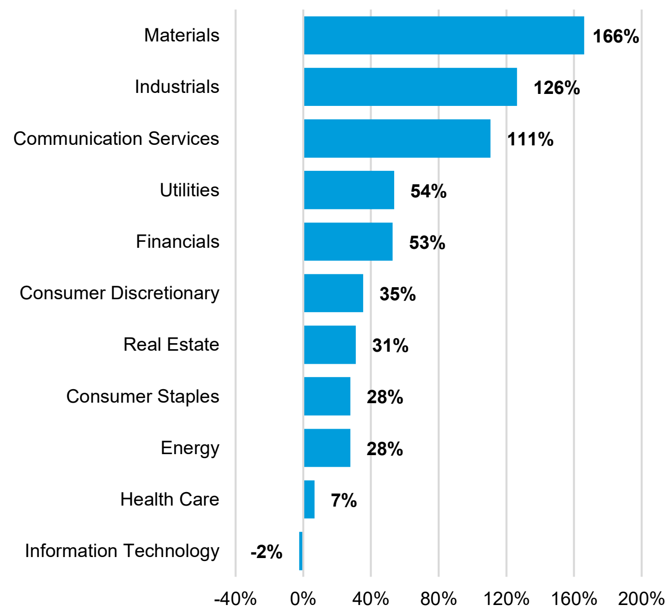
Gross geographic exposure as a % of total exposure[2]



Fund information as at 30 September 2025[3]

Unit price	$2.69
Fund NAV	$2.27b

Sector contribution since Strategy inception[2] (Net)



2. 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.** Strategy performance and exposure history is for the L1 Capital Long Short Fund – Monthly Class since inception (1 September 2014). **3.** The value of the Fund's assets less the liabilities of the Fund net of fees, costs and taxes. The unit price is calculated by decreasing the NAV price by the sell spread (currently 0.25%). The NAV price is the NAV divided by the units on issue. **4.** Figures may not sum exactly due to rounding. Excludes exposures to instruments not associated with a specific geography.

Fund information – Monthly Class

Class Name	L1 Capital Long Short Fund – Monthly Class
Structure / Currency	Australian Unit Trust / AUD
Inception	1 September 2014
Management Fee*	1.28% p.a.
Performance Fee**	20.5%
High Watermark	Yes
Buy / Sell Spread	15bps / 15bps
APIR / ISIN	ETL4912AU / AU60ETL49128
Minimum Investment	A$500,000
Subscription / Redemption Frequency	Monthly
Platform Availability	Australian Money Market, HUB24^, Mason Stevens^, Netwealth, PowerWrap, Praemium

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) with approximately $16b under management. 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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Key service providers: for the Fund are**:** Responsible Entity – Equity Trustees Limited, Prime Brokers – Morgan Stanley, Merrill Lynch and Goldman Sachs, Fund Administrator – Apex Fund Services Ltd, Fund Auditor – EY, Legal Advisor – Hall & Wilcox. There have been no changes to key service providers since the last report.

* Fees are quoted inclusive of GST and net of RITC. ** The performance fee is equal to the stated percentage (inclusive of GST and net of RITC) of any increase in the NAV over any Performance Period (adjusted for applications and redemptions and before the payment of any distribution after the payment of the management fee and expenses) above the high-water mark. ^ Administration only.

All performance numbers are quoted net of fees. Past performance should not be taken as an indicator of future performance. Sources of information in this report are Apex Fund Services, Bloomberg and L1 Capital.

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