



L1 Capital International (Unhedged) Active ETF (ASX:L1IF)

Investment Environment and Portfolio Update

June 2025

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1

Background and investment philosophy



Fund overview

Launched March 2019, the L1 Capital International Strategy is led by David Steinthal (ex-Lowy Family Group Senior Portfolio Manager)

Sydney/New York based investment team focused solely on investment management supported by the operational and distribution platform of the L1 Capital Group

Genuine long-term commitment from David Steinthal and L1 Capital Founders, Mark Landau & Rafi Lamm, who have made substantial long-term investments in the Fund



Fund characteristics

**Around 25 positions
(typically, 3 – 7%)**

**Developed markets
focus
(governance)**

**MSCI World (AUD)
Benchmark**

**Generally fully invested,
capacity for up to 25%
cash**

Investment philosophy

We hold 3 core beliefs

1

Businesses and industries must have positive long-term key drivers

- Sustainable tailwinds to support growth, not market fads or short-term sentiment
- Key drivers must be understandable, reliable and financially assessable
- Having a long-term horizon creates opportunities – we are able to benefit from the excessive short-term focus of the market
- Bottom-up investing, not macro forecasting, but aware of the impact of macro conditions

2

Businesses must meet our stringent requirements for Quality, and offer attractive risk-adjusted returns

- We will only invest in businesses we assess to be 'Excellent' to 'Good' quality
- We do not invest in average or weak industries and businesses
- Growth and valuation are key considerations for all investments – appropriate risk-adjusted return in a conservative base case whether high growth or lower growth
- Board and management's approach to assessing and managing ESG considerations are a key element of quality assessment
- Forensic approach to economic cash flow, earnings and returns on invested capital, not company presented 'adjusted' or 'non-GAAP' financials

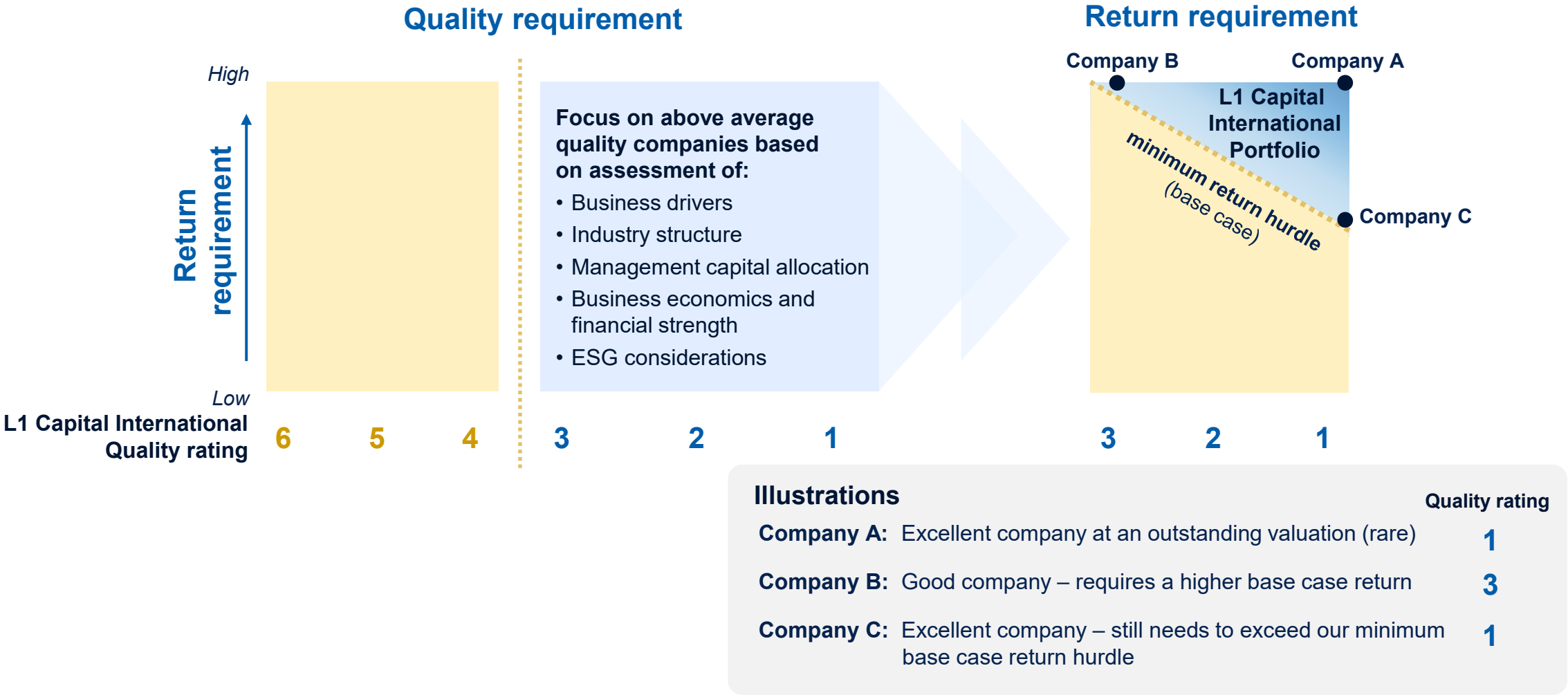
3

Downside risk management & capital preservation over the investment horizon is central to our investment philosophy and process

- We view risk as a permanent loss of capital as opposed to volatility in share prices

Investment process

Unique definition of Quality first, then valuation



'Tools to the trade' often in a 'Noah's Ark' industry structure

“ During the gold rush, it is a good time to be in the pick and shovel business.”

– MARK TWAIN



- Hedging/trading of derivatives
- Proprietary market data



- Clip the ticket of hotel accommodation spend
- Continued shift from offline to online



- Advice and solutions to clients focused on insurance risk, retirement and health
- Unique data and analytics



- Software and services for small businesses and individuals



- Clip the ticket of personal consumption expenditure globally
- Increasing trend to electronic payments, not just business to consumer transactions

A wide-angle photograph of the New York City skyline, featuring the Freedom Tower (One World Trade Center) as the central focal point. The sky is filled with dramatic, grey clouds, and the water of the harbor is visible in the lower right. The overall tone is somewhat somber due to the overcast weather.

2

Investment environment



President Trump's Tariff announcements have dominated markets

2 April Liberation Day, followed by escalation and de-escalation announcements conducted by way of social media and now Court decisions challenging Trump's authority



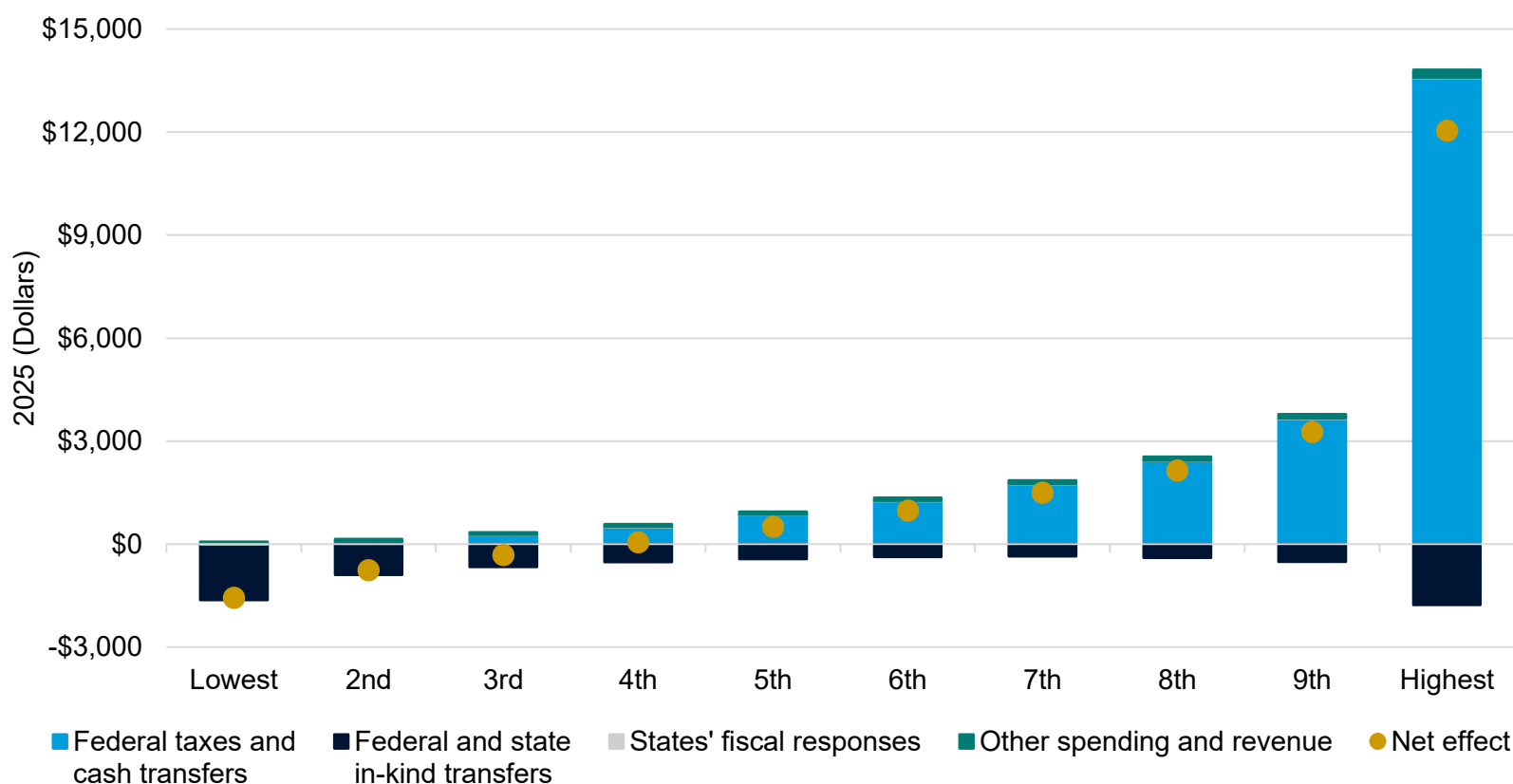
Source: Glen Le Lievre, Cartoon Movement

Followed by the ‘One Big Beautiful Bill’

Estimated to increase the U.S. deficit by \$3.4 trillion over 10 years, net of spending cuts

- Modest GDP growth benefits
- Transfer of wealth from the poor to the rich

Average annual change in resources per household – 2026 to 2034

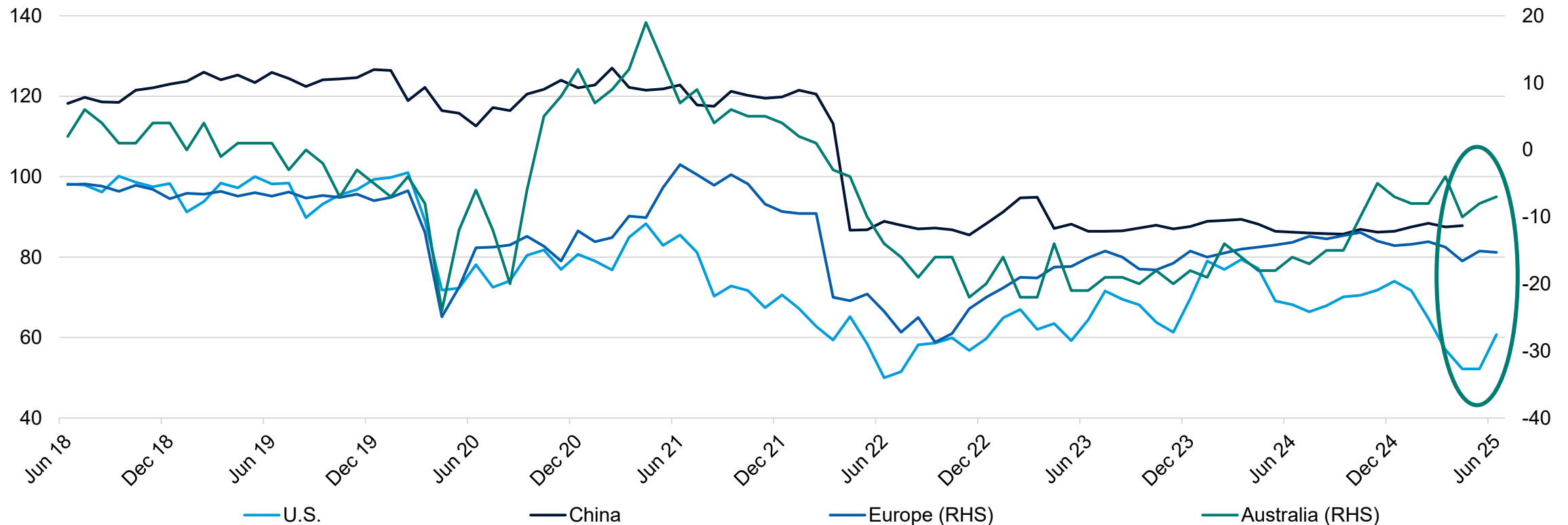


Source: U.S. Congressional Budget Office



Global consumer confidence

Consumer confidence remains relatively weak, albeit U.S. consumer confidence has modestly recovered from the lows following Liberation Day



Source: St Louis Federal Reserve, Bloomberg, European Commission

Central Bank rate cutting cycle

Most Central Banks have responded to economic uncertainty and weakening conditions by cutting interest rates

Federal Reserve is currently on hold, much to the disgust of President Trump

Central Bank overnight rates

	U.S.	ECB	U.K.	Australia	Canada	N.Z.	China
Overnight Rate – December 2023	5.32	4.00	5.19	4.35	5.00	5.50	2.65
Number of rate cuts	3	8	4	2	7	6	3
Overnight Rate – June 2025	4.33	2.00	4.25	3.85	2.75	3.25	2.25

Source: Federal Reserve Bank of New York, European Central Bank, Bank of England, Reserve Bank of Australia, Bank of Canada, Reserve Bank of New Zealand, Bloomberg

U.S. inflation expectations

Medium term inflation expectations have remained constrained, despite some short-term inflationary pressures expected from tariffs

5-year U.S. inflation expectations



Source: Federal Reserve Bank of St. Louis



Federal Fund Rate vs. projections

Despite pressure from Trump, the Federal Reserve has maintained its data dependent Monetary Policy and has not cut rates further in the face of solid employment and potential tariff induced inflation

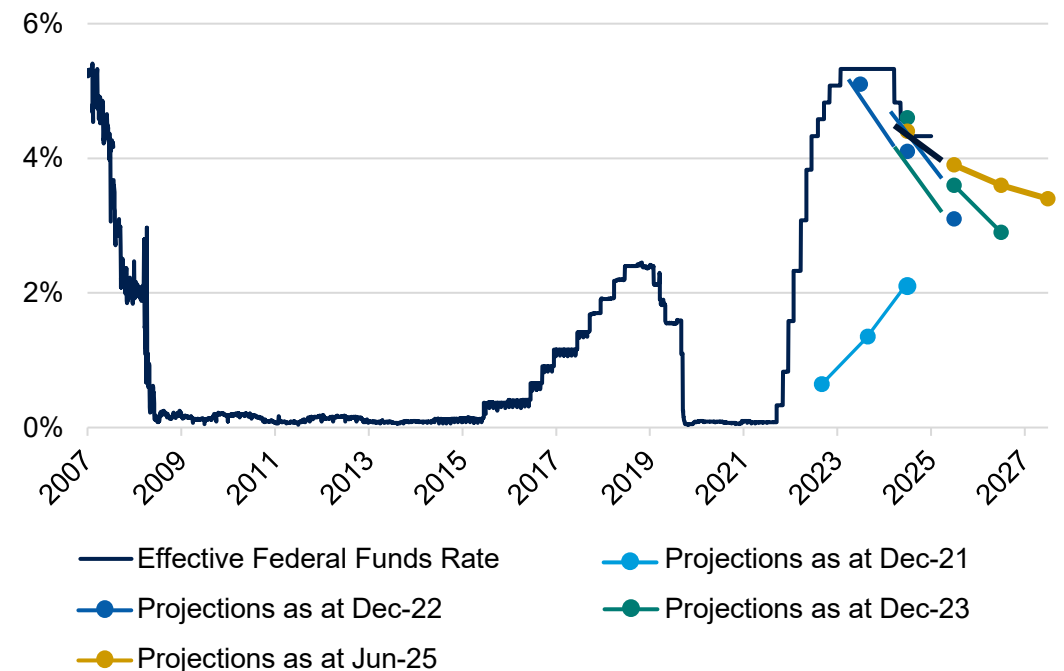
“ The effects of tariffs will depend, among other things, on their ultimate level... increases in tariffs this year are likely to push up prices and weigh on economic activity. The effects on inflation could be short lived – reflecting a one-time shift in the price level. It’s also possible that the inflationary effects could instead be more persistent. ”

FED CHAIR JEROME POWELL
18 June 2025

“ ‘Too Late’ Jerome Powell is a FOOL, who doesn’t have a clue. ”

PRESIDENT TRUMP
May 2025

Federal Reserve Funds Rate and market projections

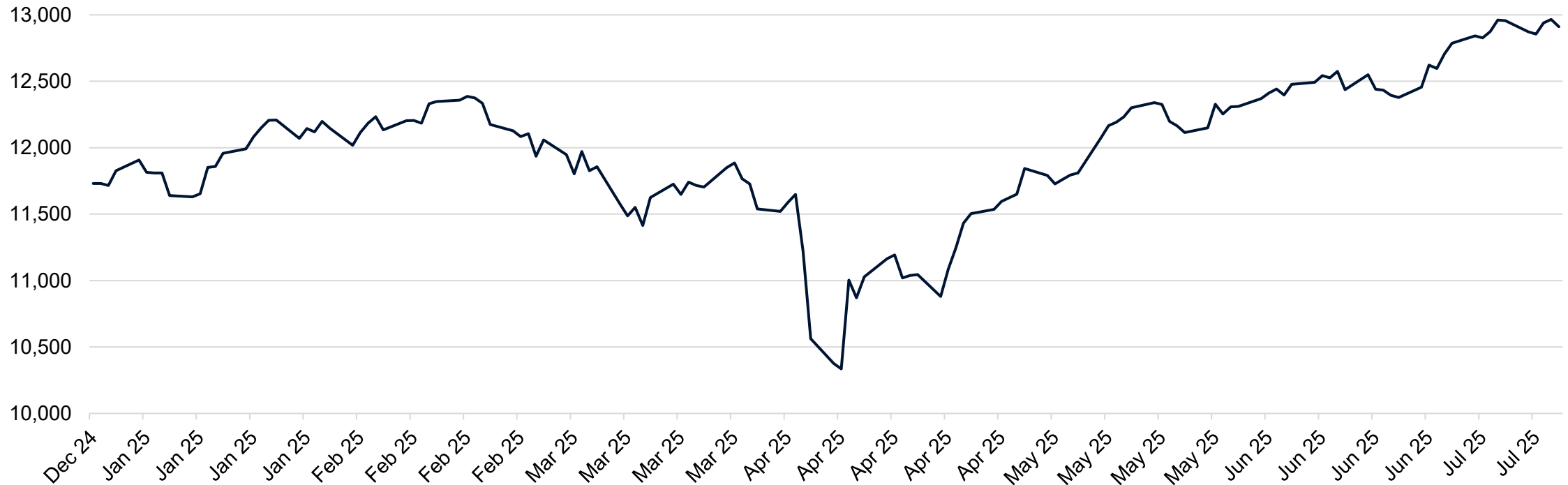


Source: FOMC projections, March 2025, St Louis Federal Reserve

Equity markets have fully rebounded from the Liberation Day crash

Fully pricing in the 'TACO Trade' (Trump Always Chickens Out)

MSCI World Net Total Return Index in USD



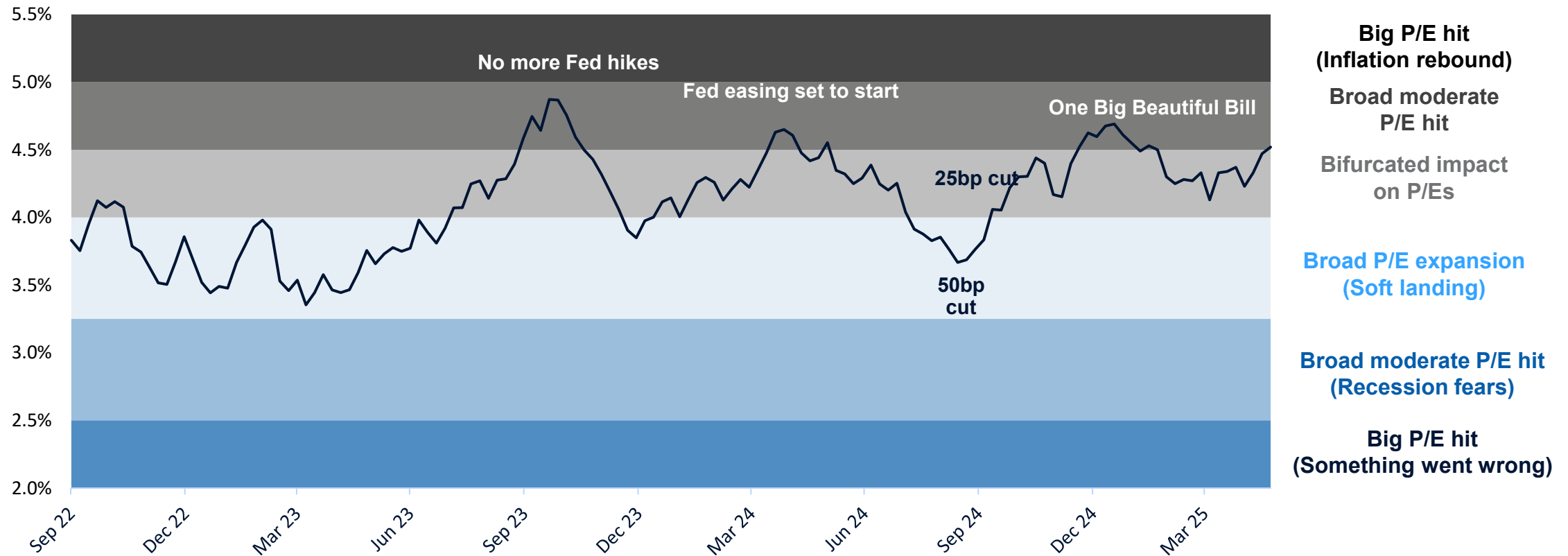
Source: Bloomberg as at 11 July 2025



Equity markets are currently in a volatile grey zone

Bond markets fail to see the 'beauty' in the Trump Administration's tariff and fiscal policies

10-year U.S. Treasury Yield (%)



Source: St Louis Federal Reserve, Piper Sandler, L1 Capital International





3

L1 Capital International (Unhedged) Active ETF (ASX:L1IF)



L1 Capital International (Unhedged) Active ETF

Outperforming the MSCI World Index Benchmark over all time horizons, top quartile returns[^]

Fund performance* (Net, %)	Fund	Benchmark**	Alpha
1 month	1.2	2.4	(1.2)
3 months	4.5	6.0	(1.4)
1 year	22.1	18.5	+3.6
3 years p.a.	23.3	20.2	+3.0
5 years p.a.	17.2	15.7	+1.5
Since Inception p.a.	15.3	14.1	+1.3
Since Inception cumulative	146.7	130.2	+16.5

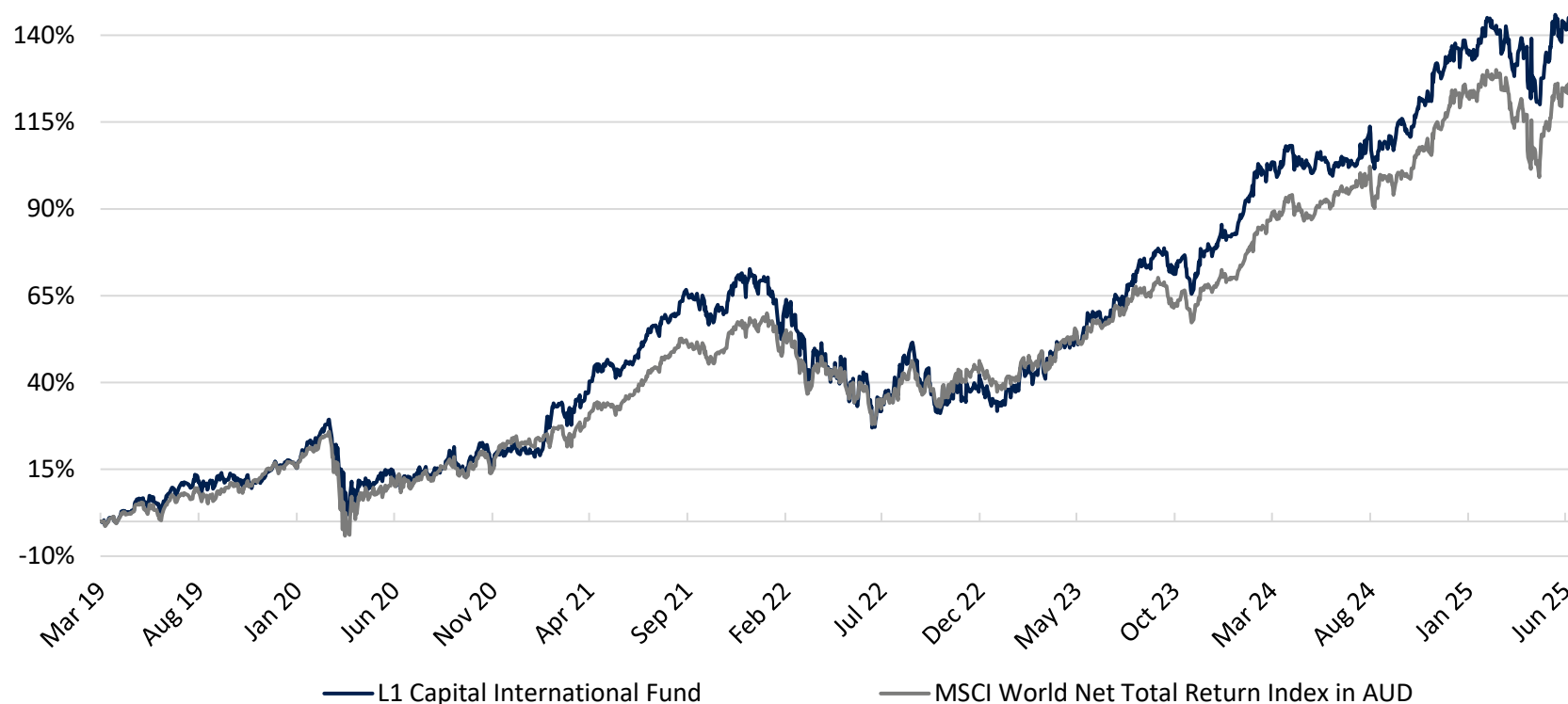
Performance objectives

- Seeks to deliver attractive risk-adjusted returns over a medium to long term investment horizon whilst lowering the risk of a permanent loss of capital
- Aims to outperform the Benchmark over rolling 5-year periods (net of all fees and expenses, before tax)

Source: L1 Capital International and MSCI as at 30 June 2025. All performance numbers are quoted net of fees. *Unit Trust Inception is 1 Mar 2019 (returns measured from Index close). ETMF Inception is 22 November 2023. Numbers may not add due to rounding. Past performance should not be taken as an indicator of future performance. ** MSCI World Net Total Return Index in AUD. See important information at the end of this pack regarding MSCI indices. ^ Ranking in Morningstar peer group "Australia – Equity World Large Blend" as at 30 June 2025 for 2, 3 and 5 years and since Inception.

L1 Capital International (Unhedged) Active ETF: Performance

Returns since inception on 1 March 2019 (Net, %)

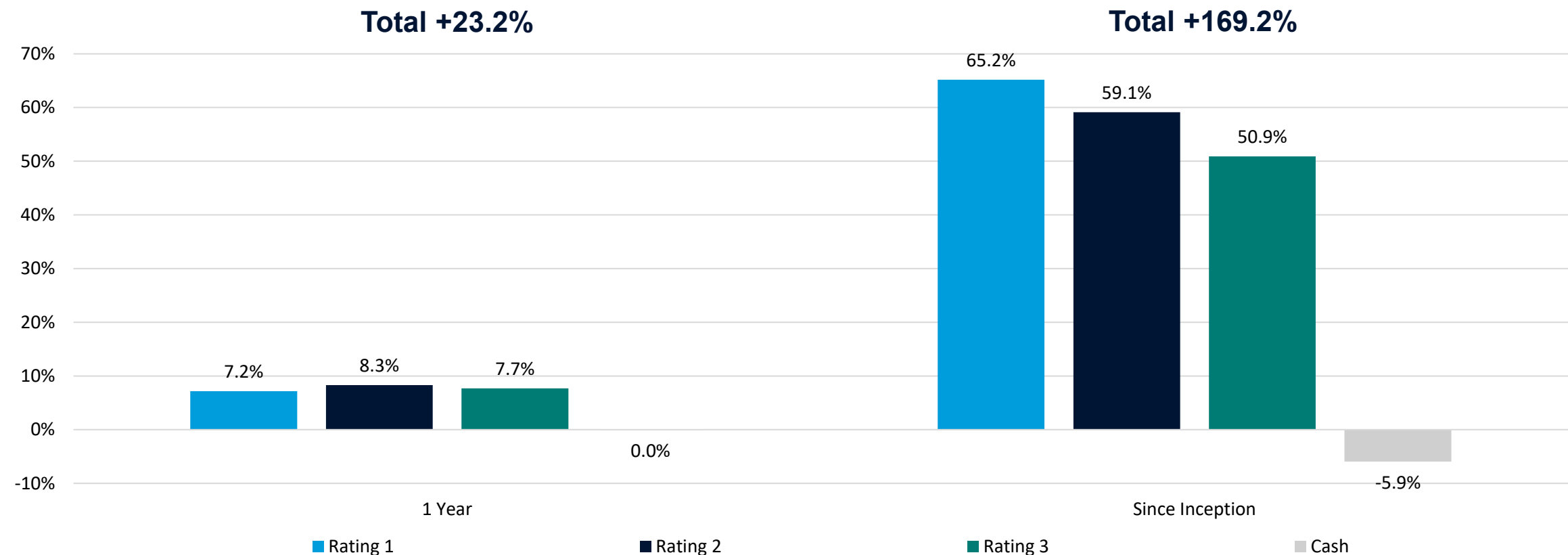


146.7% return
net of fees,
versus
the Benchmark
return of **130.2%**

Source: L1 Capital International and MSCI as at 30 June 2025. Unit Trust Inception is 1 Mar 2019 (returns measured from Index close). ETMF Inception is 22 November 2023. Past performance should not be taken as an indicator of future performance. See important information at the end of this pack regarding MSCI indices.

Attribution (gross) – By L1 Capital International Quality Category

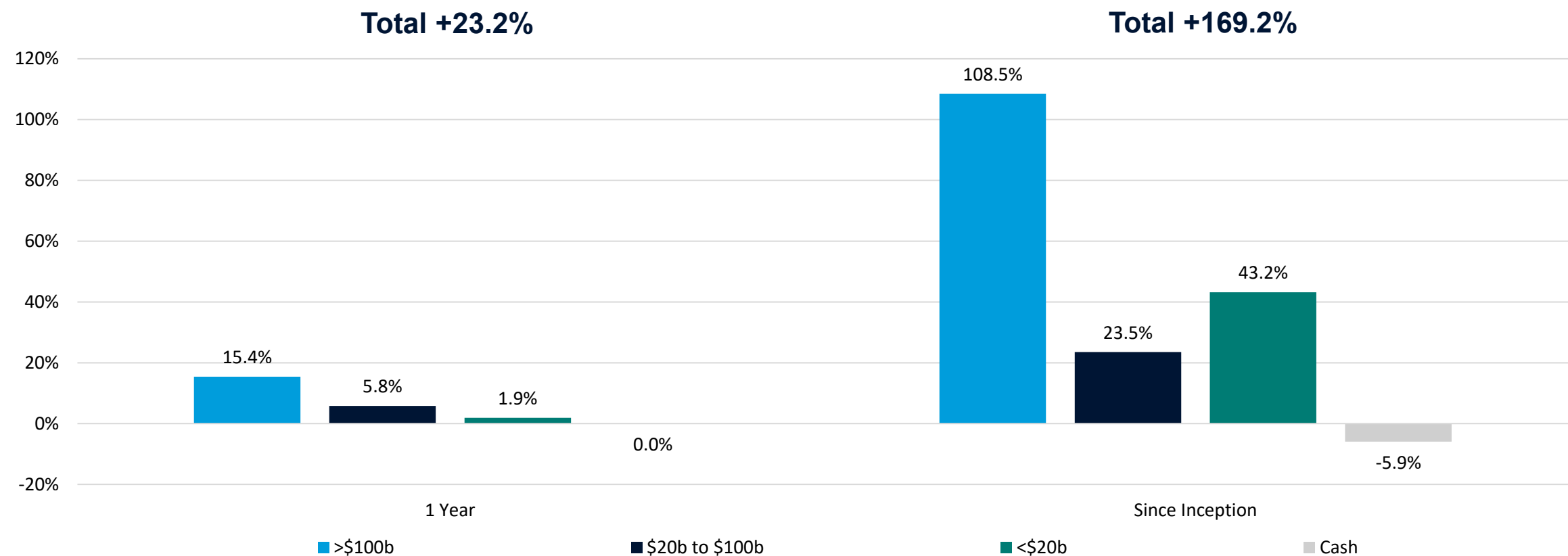
Diversified contribution by L1 Capital International Quality rating since Inception



Source: Capital International as at 30 June 2025. Gross of fees.

Attribution (gross) by market cap

Flexibility to invest in a range of companies by size (Market cap in US\$)



Source: L1 Capital International as at 30 June 2025. Gross of fees. Market cap in US\$. Figures may not sum exactly due to rounding.

Current Portfolio positioning

Top ten holdings comprise around 65% of the portfolio

Top 10 Holdings (alphabetical order)

Sector

AerCap	Financials
Amazon.com	Software / Services / Consumer Discretionary
Booking Holdings	Consumer Discretionary
CRH	Materials
HCA Healthcare	Health Care
Intercontinental Exchange	Exchanges
Jacobs Solutions	Commercial Services
Mastercard	Payments
Microsoft	Software / Services
Visa	Payments

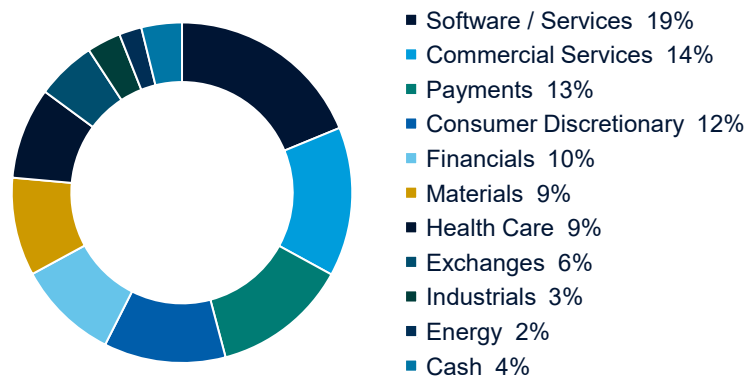
Focused on sustainable wealth creation and minimising the risk of capital loss over the investment horizon

Source: L1 Capital International as at 30 June 2025.

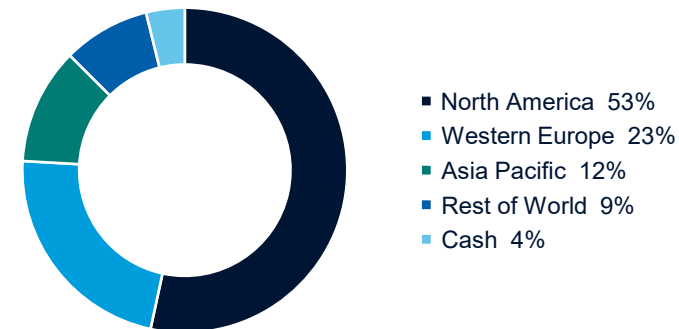
Current portfolio positioning: Diversified by industry, region and company size

Portfolio focused on high quality companies in developed markets in a range of generally capital light, well structured and growing industries

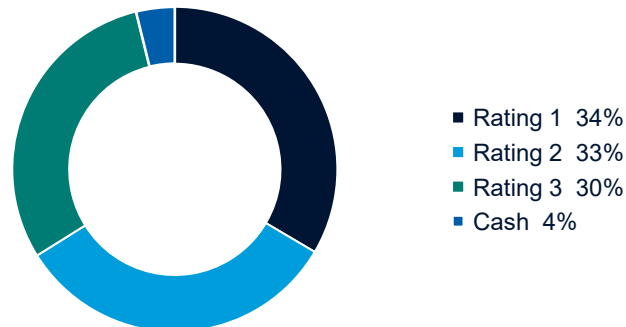
Sector exposure



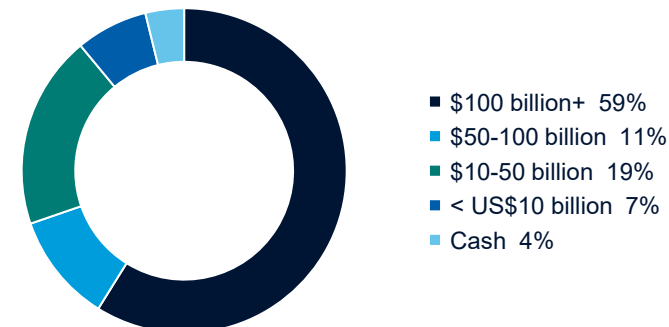
Regional exposure by region¹



L1 Capital International Quality Rating



Market capitalisation exposure (in US\$)²



Source: L1 Capital International as at 30 June 2025. 1. Revenue by region is internally estimated on a look through basis based on the underlying revenues of the individual companies held in the portfolio. 2. Sector exposure is defined by L1 Capital International to best describe the nature of the underlying businesses.

Current portfolio metrics

Portfolio compared to the MSCI World Index and ASX 200 – financial metrics reflecting portfolio quality

2024 metrics

	Fund ¹	MSCI World Index ¹	ASX 200 ¹
Revenue growth	10%	5%	2%
Gross margin ²	58%	31%	40%
Operating margin	29%	13%	14%
Cash conversion ³	85%	ND	ND
Net debt to EBITDA	1.0x	1.7x	3.4x
Return on equity	39%	14%	9%

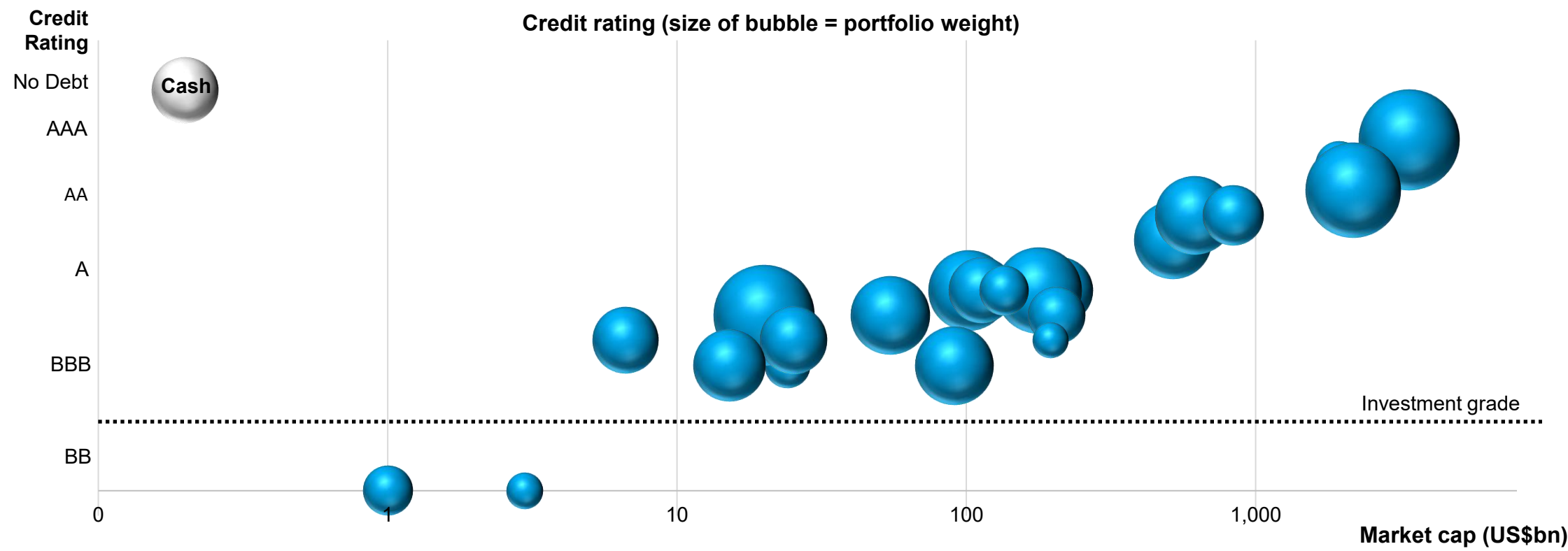
2025 metrics

	Fund ¹	MSCI World Index ¹	ASX 200 ¹
P/E ⁴	24x	21x	19x
Dividend yield	1.0%	1.9%	4.0%

1. Fund metrics are weighted average excluding cash. Fund company metrics excluded where ratios are distorted or unavailable. MSCI World Index and ASX 200 as calculated by Bloomberg (using a weighted average of the constituents). Metrics are as of June 2025. 2. L1 Capital International's estimate when not disclosed by the company. 3. Operating cash flow minus capex divided by net income. Cash conversion for the fund is adjusted to remove the benefit of stock-based compensation from operating cash flow. Cash conversion for the index is not disclosed. 4. Fund P/E is based on L1 Capital International's assessment of economic EPS (which includes stock-based compensation as an expense) – conservative compared to Index calculation Source: L1 Capital International and MSCI. See important information at the end of this pack regarding MSCI indices.

Financial strength

Key investment criteria and reduces risk



Source: L1 Capital International as at 30 June 2025
NOTE: One portfolio investments is not represented above as it does not have debt that is rated.

Industry structure, market position and barriers to competition

Equals Pricing Power



Commercial Office 365
subscription prices
increased 10% to 20%



Prime subscription
increased 15-20%,
Fulfilled by Amazon
fees increased 5-10%



Cement/Wallboard prices up mid
single digits over 12 months
and 25%+ over 3 years



Revenue per equivalent
admission consistently
increasing 2-3%



Consistent mid-single digit
price increases for
proprietary data and
analytics



Quickbooks – double digit
contribution to growth from
price/mix

Source: L1 Capital International.

Some companies in the Portfolio benefit from higher prices

Revenue derived from a percentage of higher prices



Clip the ticket of Personal
Consumption Expenditure
Some fees linked
to transaction value



Third party service
fees are a percentage
of sale value



Fees linked to insurance
premiums

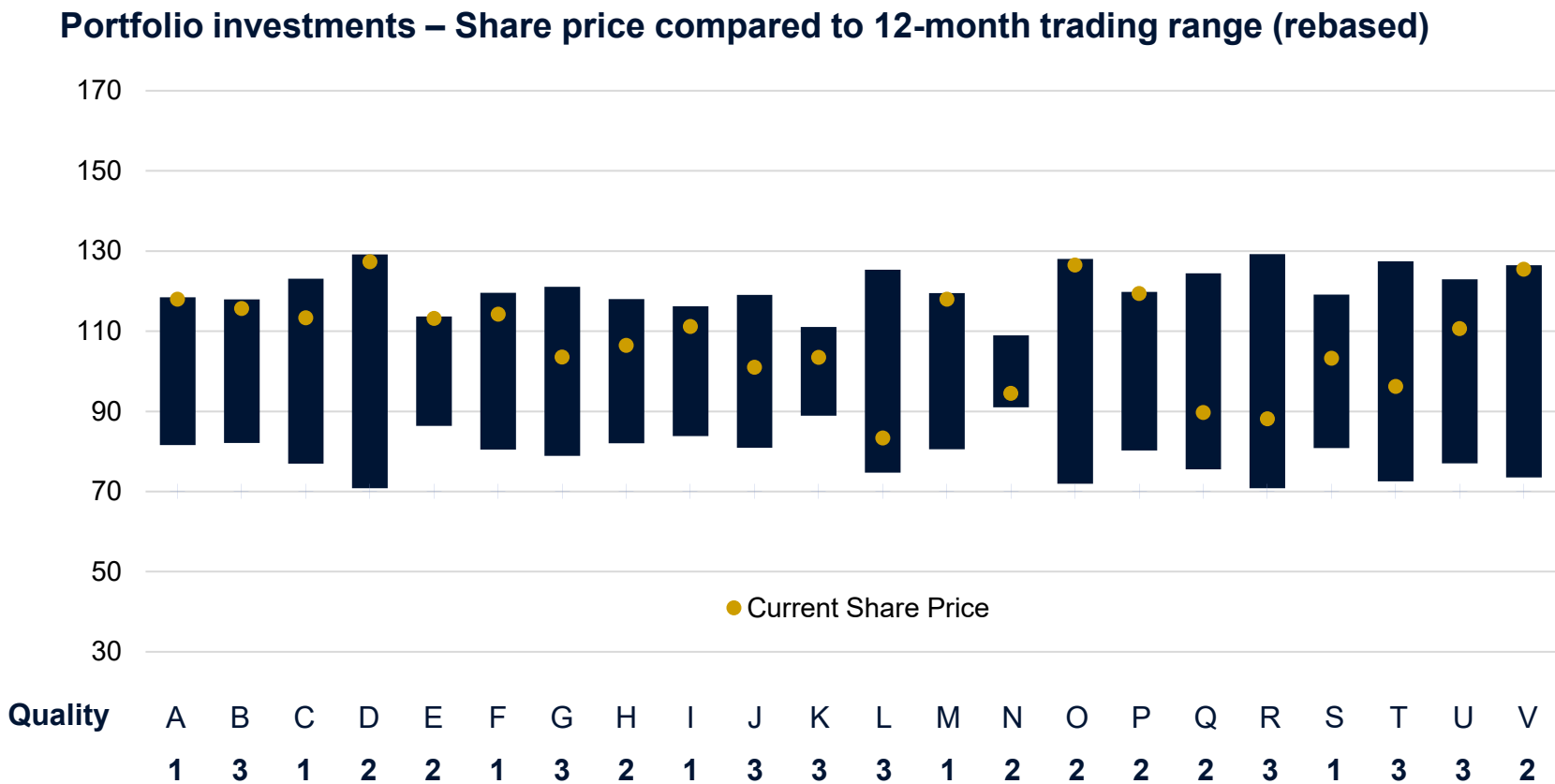


Revenue is a percentage
of accommodation rates,
up c. 30% since 2019

Source: L1 Capital International.

Portfolio valuation compared to 12-month trading range

Strong bounce in most share prices following Liberation Day sell-off

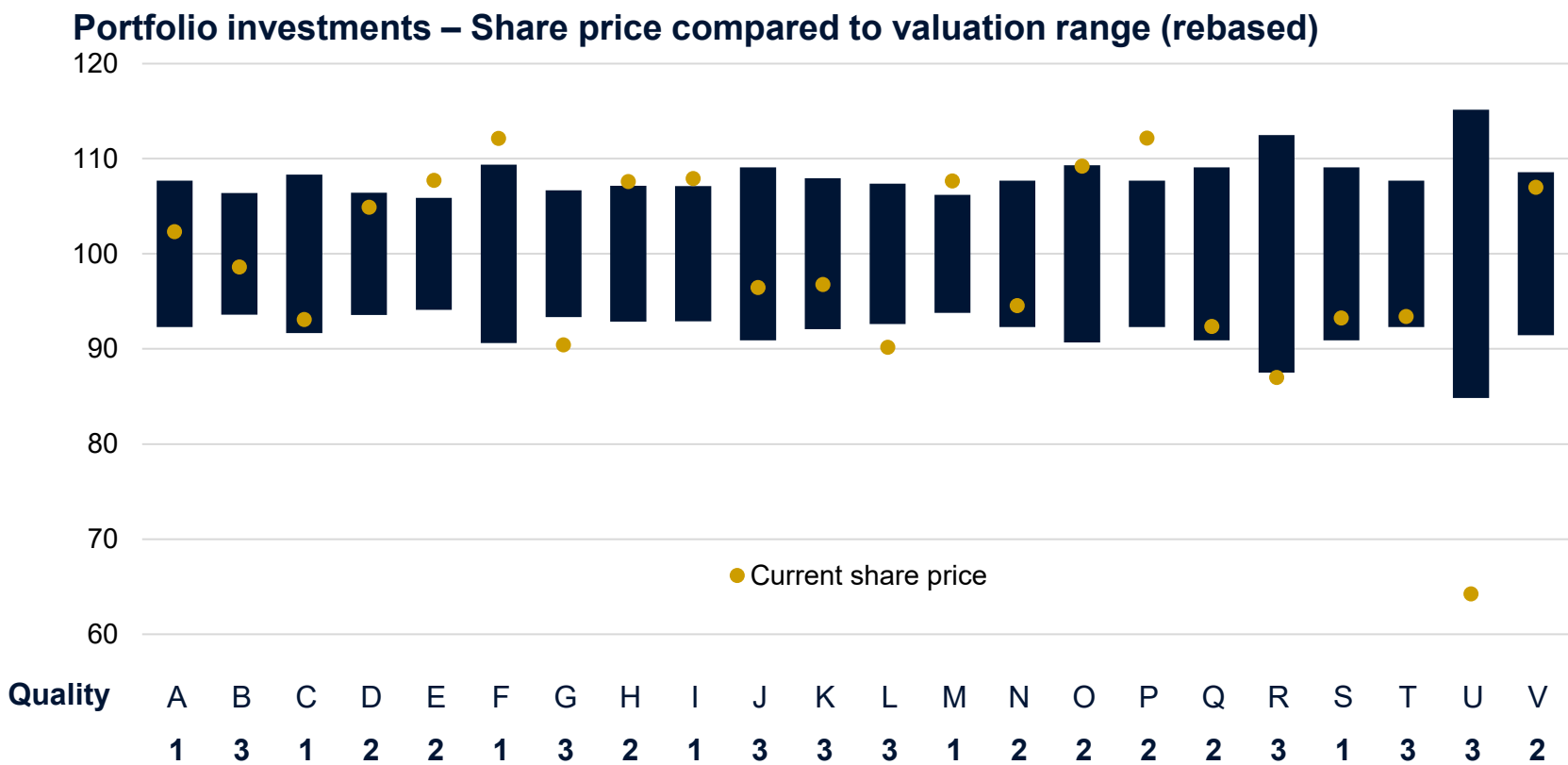


- Portfolio has traded on average around 20% from mid-point of 12-month trading range
- Share prices have generally recovered from Liberation Day sell-off
- Sentiment continues to be a key driver of share prices over the short term
- Share price of any business with near term challenges has languished

Source: Bloomberg and L1 Capital as at 30 June 2025

Portfolio valuation compared to 12-month trading range

Portfolio broadly fairly valued with pockets of value, particularly where near term is more challenged



- **High conviction in largest positions** – top 10 around 65% of total portfolio
- **Moderate adjustments** during tariff policy induced volatility. Sold defensive businesses, initial position in **TSMC** and increased other holdings with **Jacobs Solutions** now top 10
- **UnitedHealth Group** major disappointment and has been divested
- **HCA** position size actively managed

Source: Bloomberg and L1 Capital as at 30 June 2025



4

Portfolio examples



Example: Booking Holdings

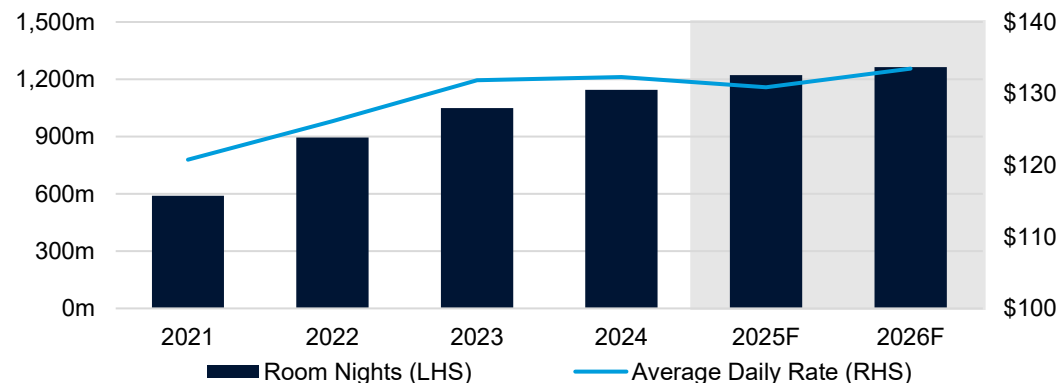


Example: Booking Holdings

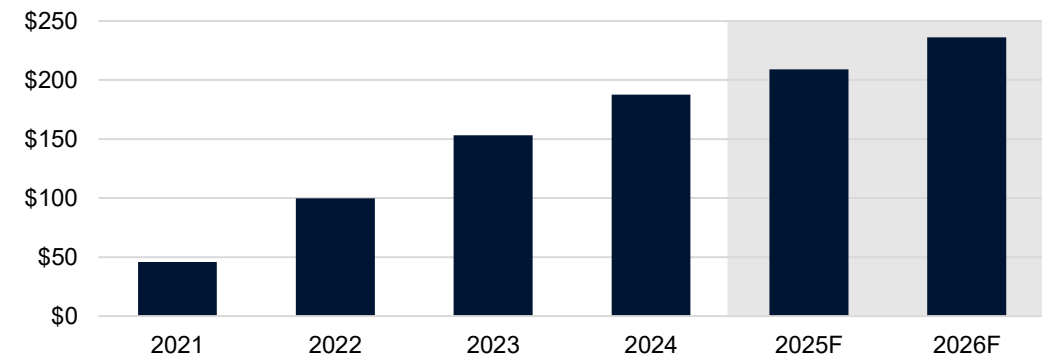
Dominant European platform well positioned for long-term growth in travel spend

- **Growing competitive advantages** from investments in connected trip capabilities, alternative accommodation, direct customer mix and generative AI
- Operating leverage delivering **margin expansion**
- **Capital light** model allows for **substantial buybacks** with the share count down 7% year over year

Booking – Room Nights and Average Daily Rate



Booking – Earnings Per Share



Source: Company reports and L1 Capital International

Example: CRH

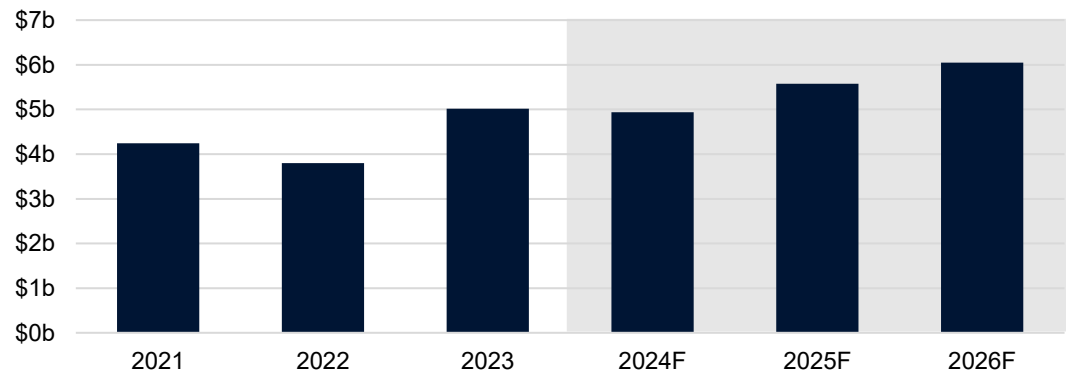


Largest integrated heavy building materials business in North America

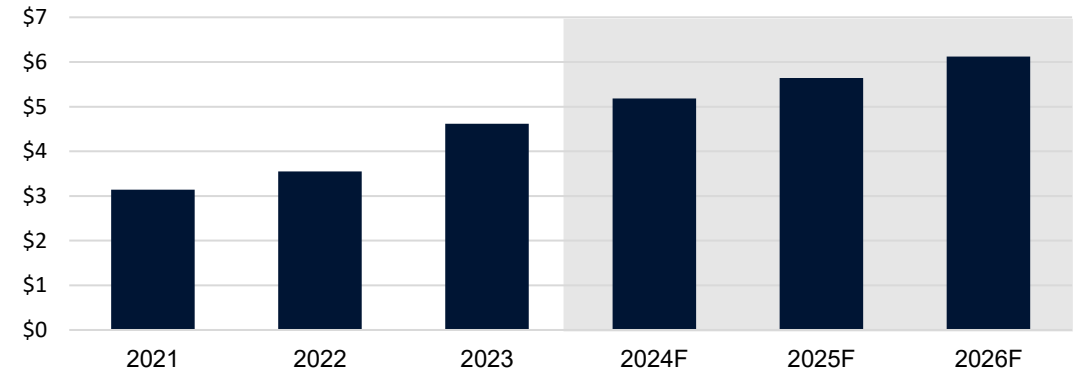
Bipartisan support for \$1 trillion + infrastructure spending

- Demand driven by infrastructure spending across the United States as well as steady demand from commercial and residential sectors
- **Pricing power** delivering margin expansion
- \$5 billion operating cashflow supporting reinvestment in the business and synergistic acquisitions
- Consistent strong **EPS and dividend growth**

CRH – Operating cashflow



CRH – Earnings Per Share



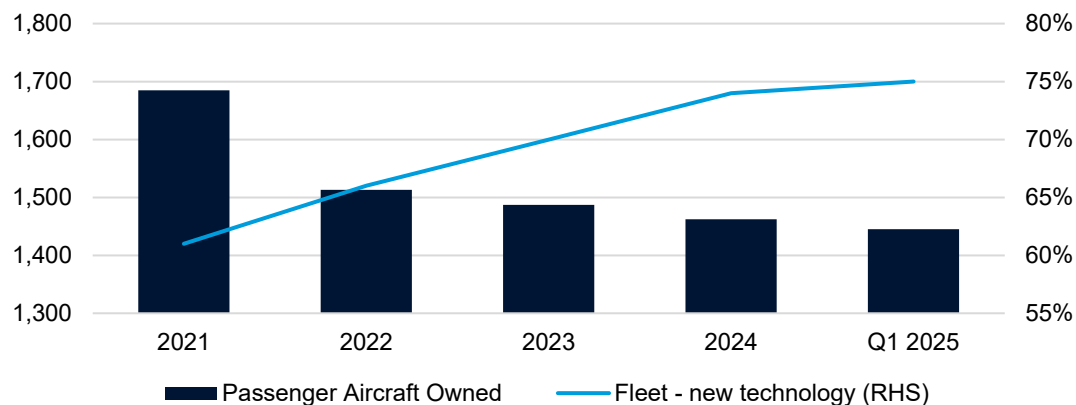
Source: Company reports and L1 Capital International

Example: AerCap

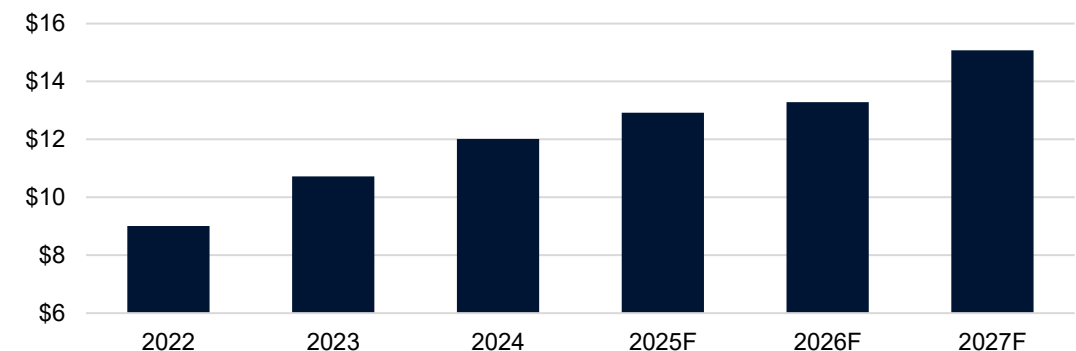
Structural shortage of aircraft driving up asset values and lease rates

- **Aircraft demand** has fully recovered post COVID
- **Boeing** and **Airbus** continue to have supply chain and production issues
- **AerCap is selling older aircraft** at substantial premium to book value, increasing the residual fleet quality
- **8.5x PE, 1.1x conservative tangible book value**

AerCap – Fleet composition



AerCap – Earnings Per Share



Source: Company reports and L1 Capital International

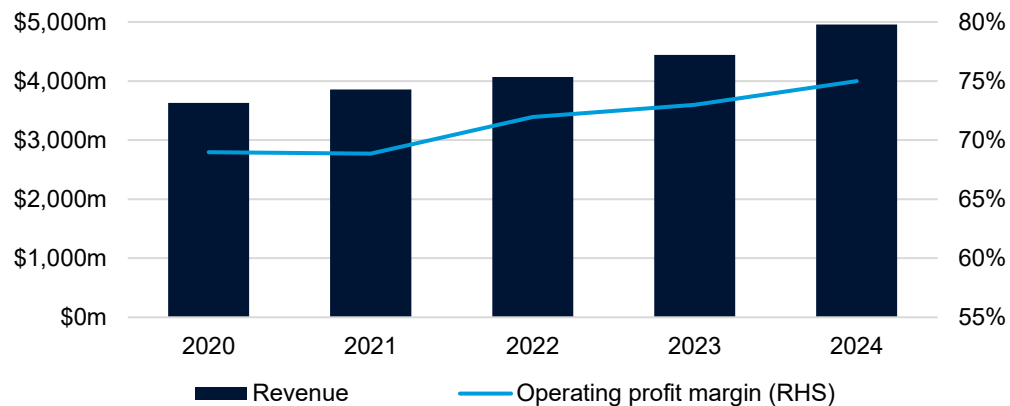
Example: Intercontinental Exchange



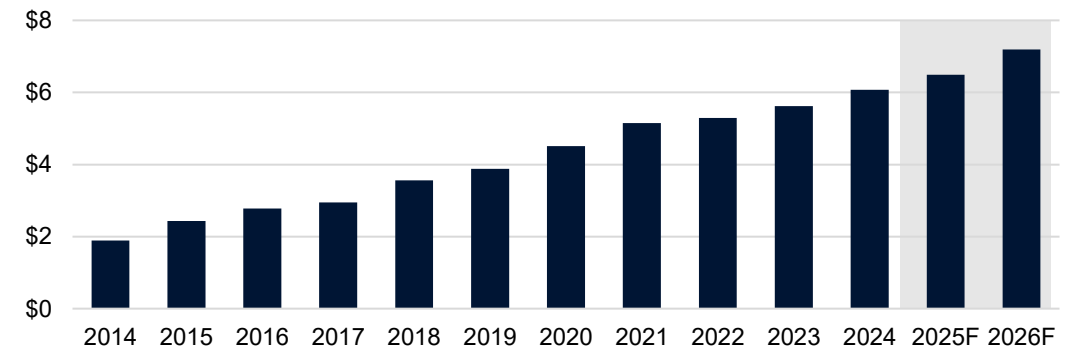
Leading Exchanges, must have proprietary data and analytics, industry transforming mortgage technology

- **Jeff Sprecher** built Intercontinental Exchange over 25 years from nothing to be an industry leader with a \$100 billion market capitalisation
- **‘All weather’ portfolio of businesses delivers consistent earnings growth**
- **Exchanges** division (70% of Group profit) - \$5 billion revenue at 75% operating profit margin
- **Mortgage technology division** provides cyclical upside if mortgage rates fall

Exchanges Division – Revenue and Operating Profit



Intercontinental Exchange – Earnings Per Share



Source: Company reports and L1 Capital International

Example: Mega Tech – Capital Expenditure

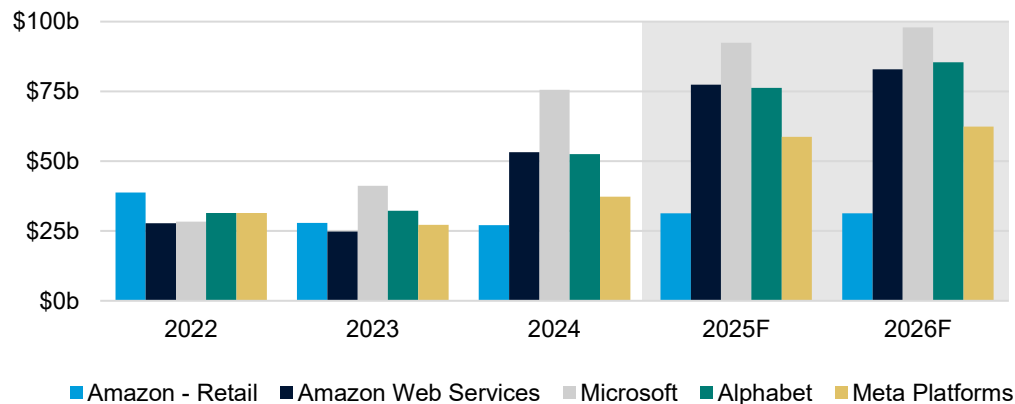
Massive step up in capital expenditure to support Artificial Intelligence and Cloud services

“AI represents, for sure, the biggest opportunity since cloud and probably the biggest technology shift and opportunity in business since the Internet. And so...our business, our customers and shareholders will be happy medium to long term that we're pursuing the capital opportunity and the business opportunity in AI.”

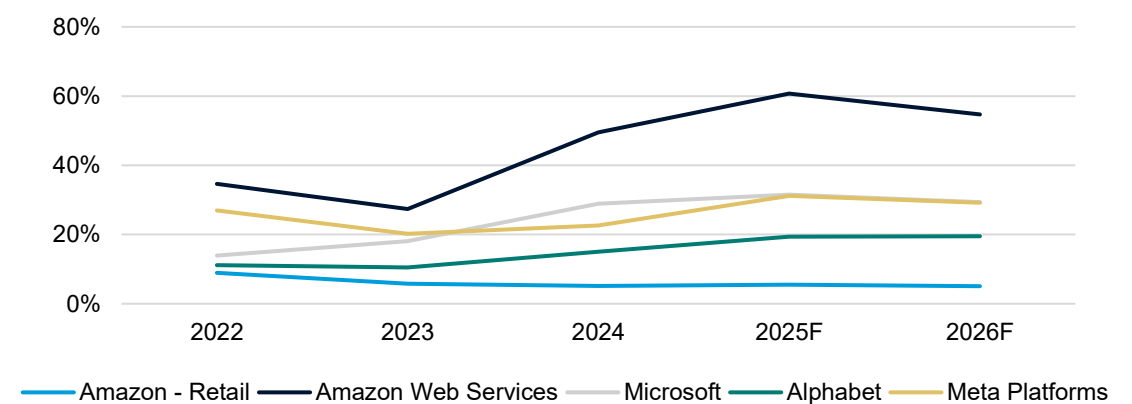
– ANDREW JASSY, FEBRUARY 2025

- **Mega Tech** are generating massive cashflow which is **reinvested in Cloud and AI infrastructure**
- **Market concerned** Mega Tech is over-investing, but also **extrapolating long-term growth for Nvidia**

Mega Tech – Capital Expenditure



Mega Tech – Capital Expenditure to Sales



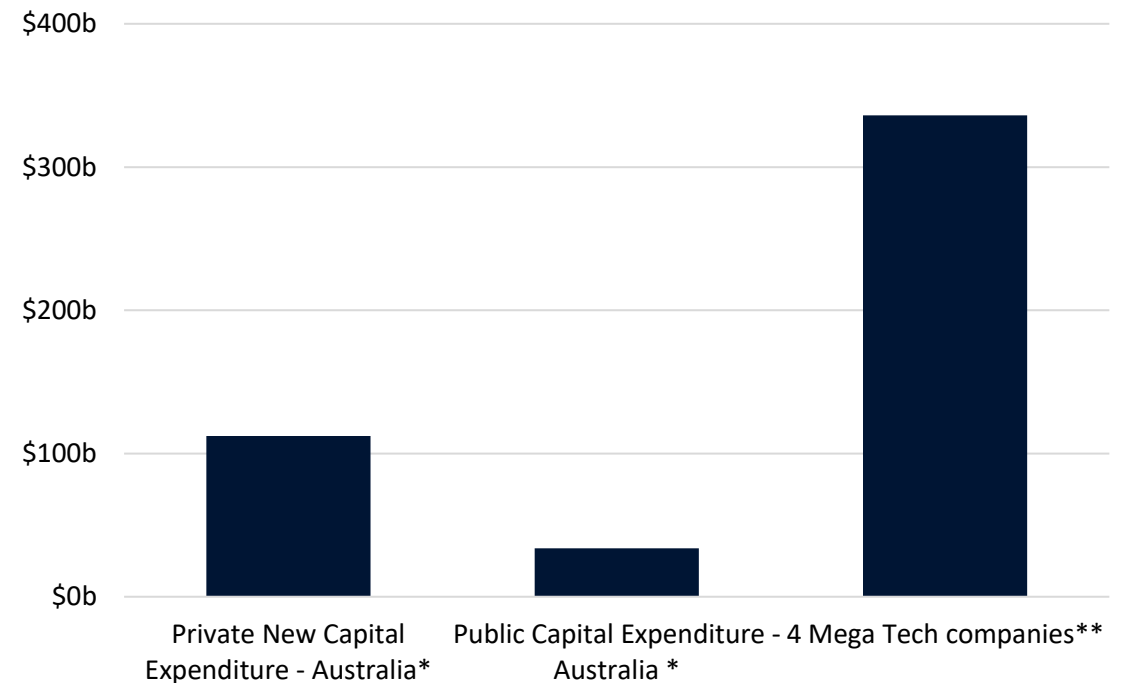
Source: Factset and L1 Capital International

Australian Private and Public Capex vs Mega Tech Capex

Mega Tech capex dwarfs total Australian Private and Public sector capex

- **Mega Tech** capex in 2025 will be around **3x total Australian Private sector capex** and **more than double combined Australian Private and Public sector capex**
- Around 30% of Australian Private sector capex is on mining

Australian Private and Public capital expenditure vs. Mega Tech capital expenditure



Source: Australian Bureau of Statistics, L1 Capital International, FactSet. * Year to June 2025. ** Alphabet, Amazon.com, Meta, Microsoft - calendar 2025.



5

Summary



Summary

Economic conditions are mixed, and Trump policies are increasing uncertainty

- 1 **Consumers** in aggregate are **doing O.K.**, **lower socio-economic** continues to **struggle**
- 2 **Economic conditions** in most developed regions are **slowing**, **Trump** Administration policies add **uncertainty**
- 3 **Inflation under control**, despite potential tariff induced inflation in the U.S.
- 4 **Central Banks** are in a **rate cutting cycle**, Federal Reserve currently 'on hold'
- 5 **U.S. longer-term interest rates drifting up**, key indicator to watch
- 6 **Markets have rebounded strongly** from Liberation Day sell-off, but **wide variation** in company and share price performance below the surface



6

Appendix – Fund terms and contact details



L1 Capital International Strategy

Fund terms

Type of investments	Listed securities
Benchmark	MSCI World Net Total Return Index in AUD
Time horizon	5+ years
Investment objective	• To outperform the Benchmark over rolling 5-year periods (net of all fees and expenses before tax) • To deliver attractive risk-adjusted returns over a medium to long term investment horizon whilst lowering the risk of a permanent loss of capital
Management fees	1.2% p.a. of the net asset value of the Fund (including GST and RITC)
Performance fees	15% over Benchmark, subject to any underperformance being recouped and there must be positive absolute performance (adjusted for distributions) in the Performance Period (otherwise positive relative performance is carried forward to the next Performance Period)

Please see Investment Memorandum for full details.

L1 Capital International Strategy: Key parameters

Guidelines

Number of positions (typical)	20 to 40 positions
Target investment universe (typical)	High quality global listed equities (L1 Capital International rating 1, 2, or 3)
Target geography (typical)	Developed markets: North America, Europe, Asia, Aust/NZ
Minimum position size (typical)	2%
Position sizes (typical)	3% to 7%
Maximum position size	Maximum 10% (at time of initial investment)
Cash levels	0 – 25%, typically <5%
Leverage	No
Shorting	No
Applications/redemptions	Dual registry structure available via daily dealing Australian Unit Trust and ETMF (unhedged strategy ASX:L1IF and hedged strategy ASX:L1HI)

L1 Capital International Active ETFs (ASX:L1IF & ASX:L1HI)

Providing investors with increased investment flexibility

- In November 2023, the original, unhedged Fund became available as an Exchange Traded Managed Fund (ETMF) as [ASX:L1IF](#)
- In July 2024, the Manager launched an ETMF offering a hedge version of the strategy [ASX:L1HI](#)
 - Same portfolio as L1 Capital International (Unhedged) Active ETF but with a currency hedge overlay

Features of the ETMF structure

- Investors can buy and sell units in the Funds on the ASX in addition to trading via the unit registry
- The Manager pays the costs of listing and maintaining the Fund on the ASX

**For further information
please contact the Unit
Registry Office**

- Ph: 1300 133 451
- Email: L1@ApexGroup.com

Important information

L1 Capital International Pty Ltd

Information contained in this publication

Equity Trustees Limited (“Equity Trustees”) (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the L1 Capital International (Unhedged) Active ETF ARSN 631 094 141 (ASX:L1IF). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

This publication has been prepared by L1 Capital International Pty Limited (ACN 628 068 717), an authorised representative (no. 1273764) of L1 Capital Pty Ltd (ACN 125 378 145, AFSL 314 302) and its officers and employees (collectively “L1 International”), to provide you with general information only. In preparing it, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither L1 International, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. All performance numbers are quoted after fees. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement from our website www.L1.com.aubefore making a decision about whether to invest in this product.

The L1 Capital International (Unhedged) Active ETF’s Target Market Determination is available at <https://l1.capital/3NOi7oB>. A Target Market Determination is a document which was required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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