A panoramic view of a city skyline, likely New York City, featuring numerous skyscrapers under a cloudy, overcast sky. The One World Trade Center is the most prominent building in the center.

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

Investment Environment and Portfolio Update

March 2026

Agenda

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1

Investment Environment



Key investment issues driving markets

“It’s the economy, stupid”

James Carville, 1992

“It’s the technology, stupid”

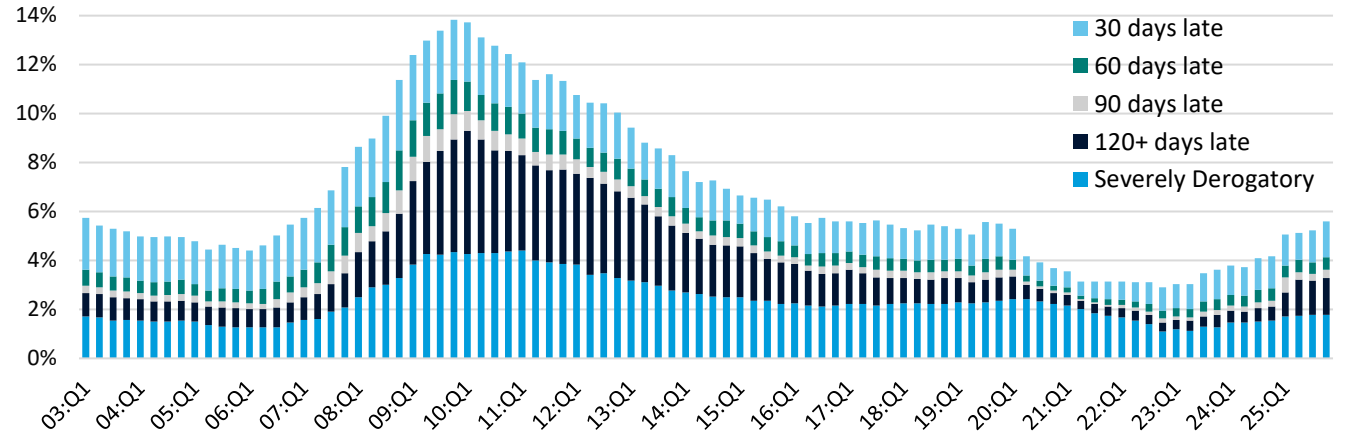
L1 Capital International, 2026

Global economic environment remains broadly unchanged

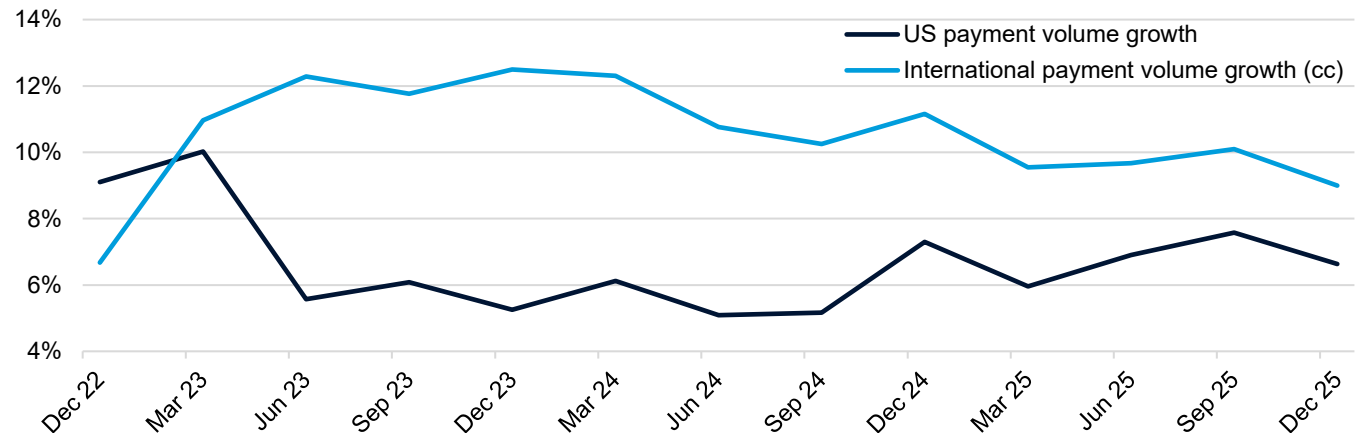
Mixed economic environment

- Economy remains **K-shaped**
- In aggregate, consumers are doing OK, but **lower income households remain pressured**
- **Consumer confidence is weak**
- **AI is targeting white-collar employment**
- **Hard data is mixed**

Household debt balances by delinquency status



Visa payments volume (c.\$15 trillion in 2025)



Source: Top chart – New York Fed, Centre for Microeconomic Data. Bottom chart – Visa.

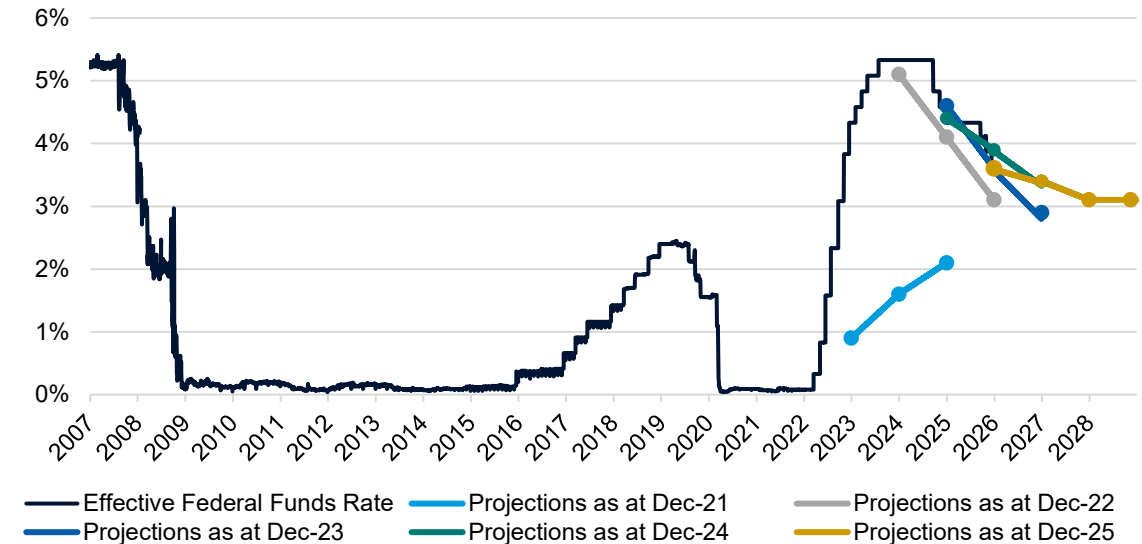
U.S. Fed Funds rate forecast to gradually reduce, long-term rates steady

Kevin Warsh nominated as next Fed Chair

- **Federal Reserve held rates steady in January 2026 after 3 cuts in late 2025**
- President Trump nominated **Kevin Warsh** to be the **next Federal Reserve Chair**
- **Market is pricing in between 1 and 4 rate cuts by end of 2026**, with a 60% chance of 2 and 3 cuts
- Treasury yields modestly tightening

Source: Federal Reserve Economic Projections - Federal Reserve Bank of St Louis.

Federal Reserve Funds Rate and market projections



10-year US treasury yield



Globally, Central Banks generally remain in an easing cycle

- **Central Banks** have responded to economic uncertainty by **cutting short-term rates**
- In **Australia** and **Japan**, rates increased in response to **inflation**

Central Bank overnight rates (%)

	U.S.	ECB	U.K.	Australia	Canada	N.Z	China	Japan
Overnight rate – December 2024	4.33	3.00	4.70	4.35	3.25	4.25	2.35	0.25
Number of rate cuts	3	4	4	3 cuts 1 increase	4	6	1	2 increases
Overnight rate – current	3.64	2.00	3.75	3.85	2.25	2.25	2.25	0.75

Source: Federal Reserve Bank of New York, European Central Bank (ECB), Bank of England, Reserve Bank of Australia, Bank of Canada, Reserve Bank of New Zealand, Bank of Japan and Bloomberg.

Global long-term rates remain broadly stable

- **Broadly stable expectations for medium-term economic conditions**, despite geopolitical and AI uncertainties
- Bank of Japan has moved away from controlling long-term interest rates around 0%
- Notwithstanding U.S. dollar weakness and general U.S. concerns, **yields on 10-year treasuries have tightened**

10-year bond rates (%)

	U.S.	ECB	U.K.	Australia	Canada	N.Z	China	Japan
2024 Year end	4.57	2.36	4.57	4.36	3.23	4.41	1.67	1.09
Current	4.05	2.75	4.42	4.75	3.25	4.47	1.78	2.22
Change in 2025/2026 YTD	(0.52)	+0.39	(0.15)	+0.39	+0.02	+0.06	+0.11	+1.13

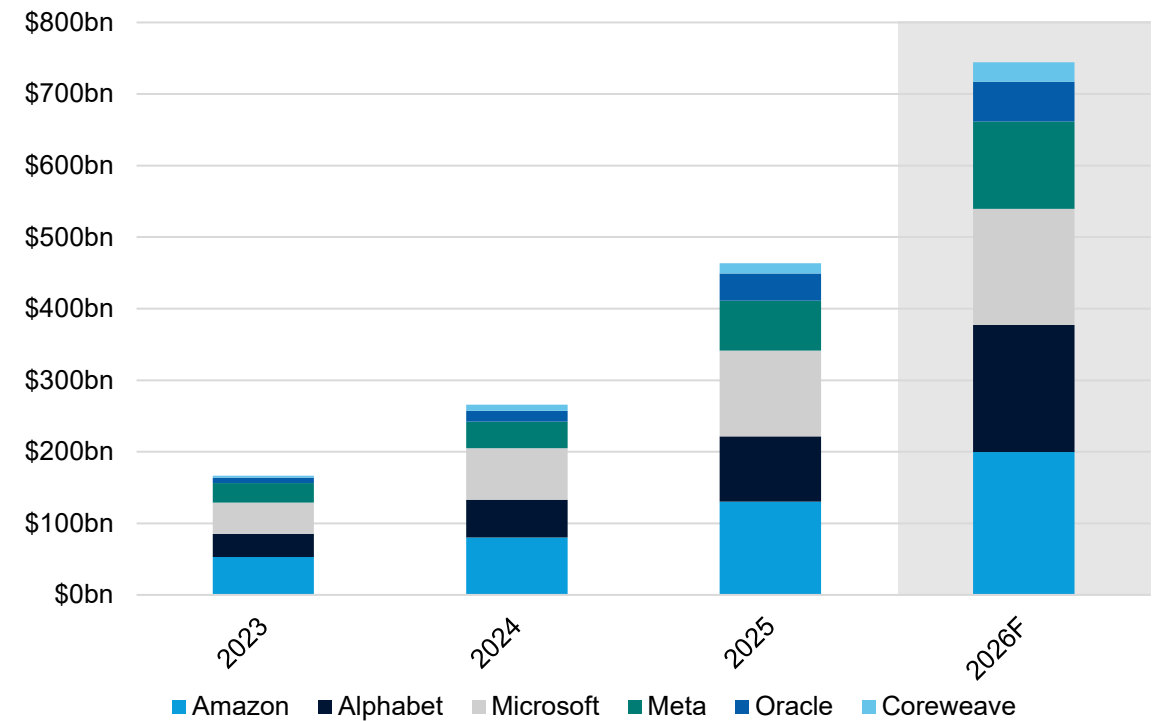
Source: Bloomberg

Artificial Intelligence | Ballooning capex

Investment in AI infrastructure has leapt to a new level, heightening market concerns



Capex spending (US\$)



Source: Image – ChatGPT, L1 Capital International. Chart – FactSet, L1 Capital International

Artificial Intelligence | Disrupting software

Market is pricing in AI disrupting the software industry



Source: Image – ChatGPT, L1 Capital International.

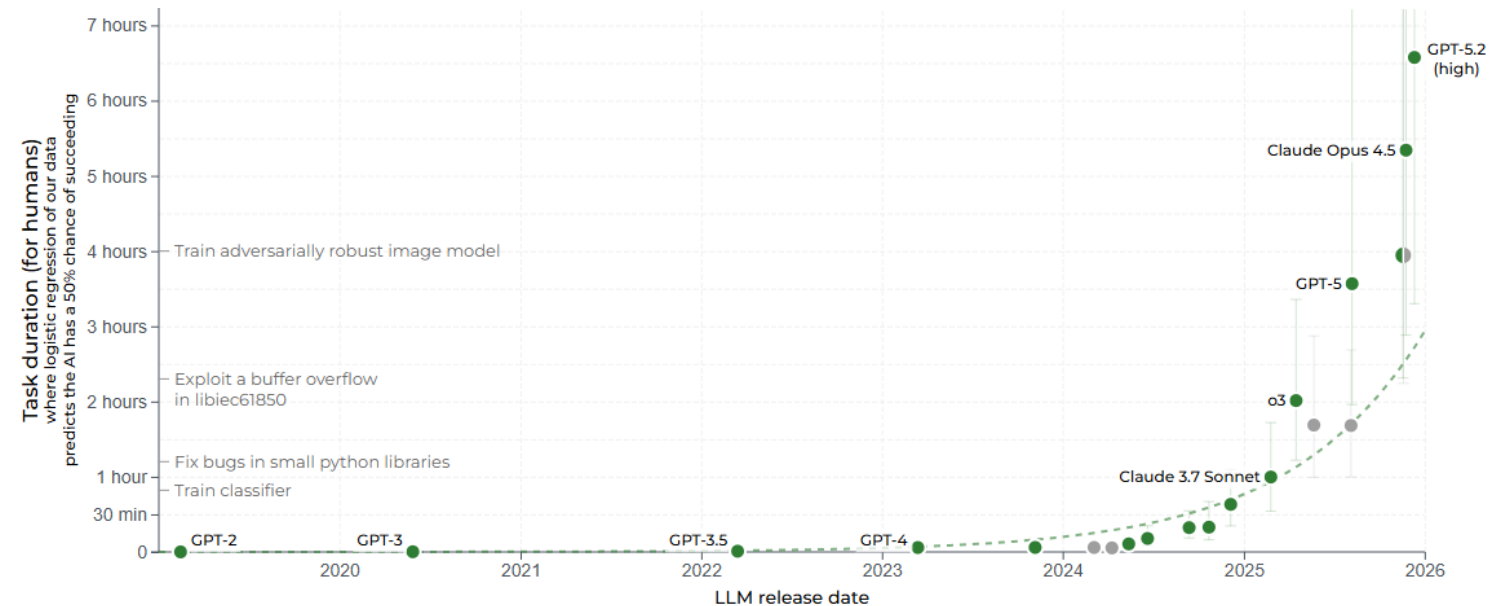
Artificial Intelligence | Disrupting ‘white-collar’ employment

Value proposition of labour and ability to enhance value through AI will be critical

“I think that we’re going to have a human-level performance on most, if not all, professional tasks... **So white-collar work**, where you’re sitting down at a computer, either being a lawyer or an accountant or a project manager or a marketing person – most of those tasks **will be fully automated by AI within the next 12 to 18 months**”

Mustafa Suleyman, CEO of Microsoft AI, February 2026

Time horizon of software tasks that models can complete (50% success)



Source: METR (Model Evaluation and Threat Research).

Artificial Intelligence | Investment circularity

Focus should be on the capabilities of the AI technology, value created and who retains the value, not the source of funding

- It is not chicken and egg – **AI capex has to come before AI revenue**
- No company has all the requirements for AI success
- **Key questions:**
 - How much value will be created by the AI technology?
 - At what cost?
 - Who will retain this value?

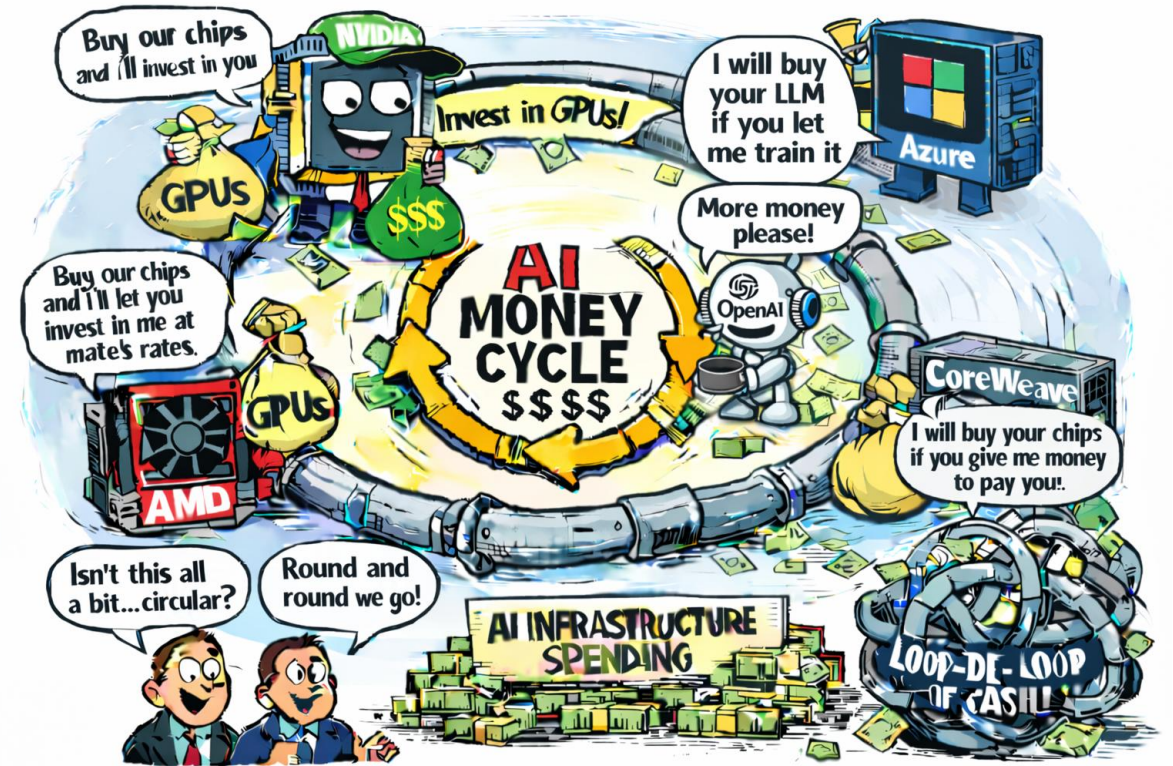


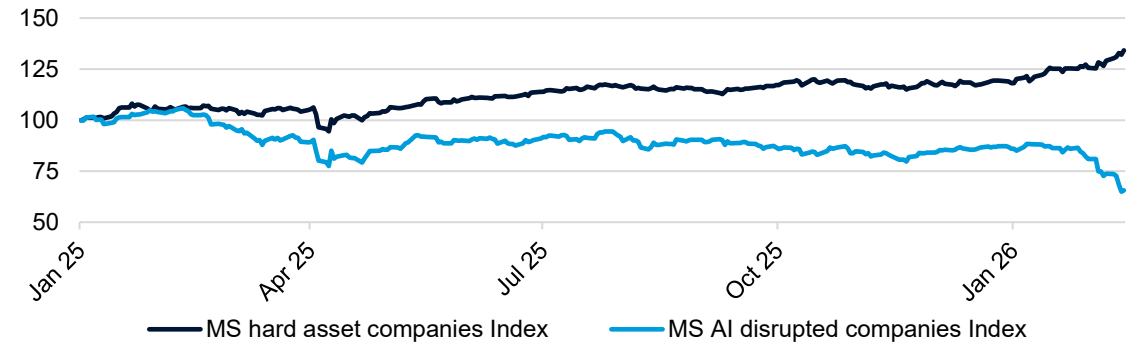
Image: ChatGPT, L1 Capital International

Artificial Intelligence | Perceived exposure driving share prices

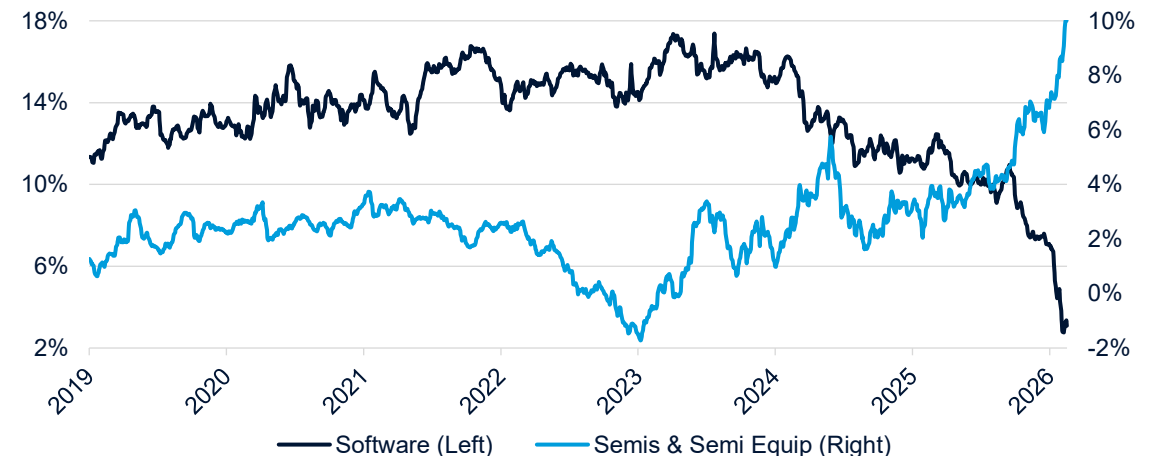
The market has become increasingly focused on picking AI winners and losers, positions are crowded

- **Software** under the greatest pressure
- **'White collar'** businesses also impacted
- Market starting to focus on **second** and **third order** impacts
- **Crowding** and **fear** are leading to **distorted valuations**, both positively and negatively

Hard asset companies compared to companies perceived to be at risk from AI



Hedge fund exposure to Software and Semis/semi equipment (% of total US net exposure)

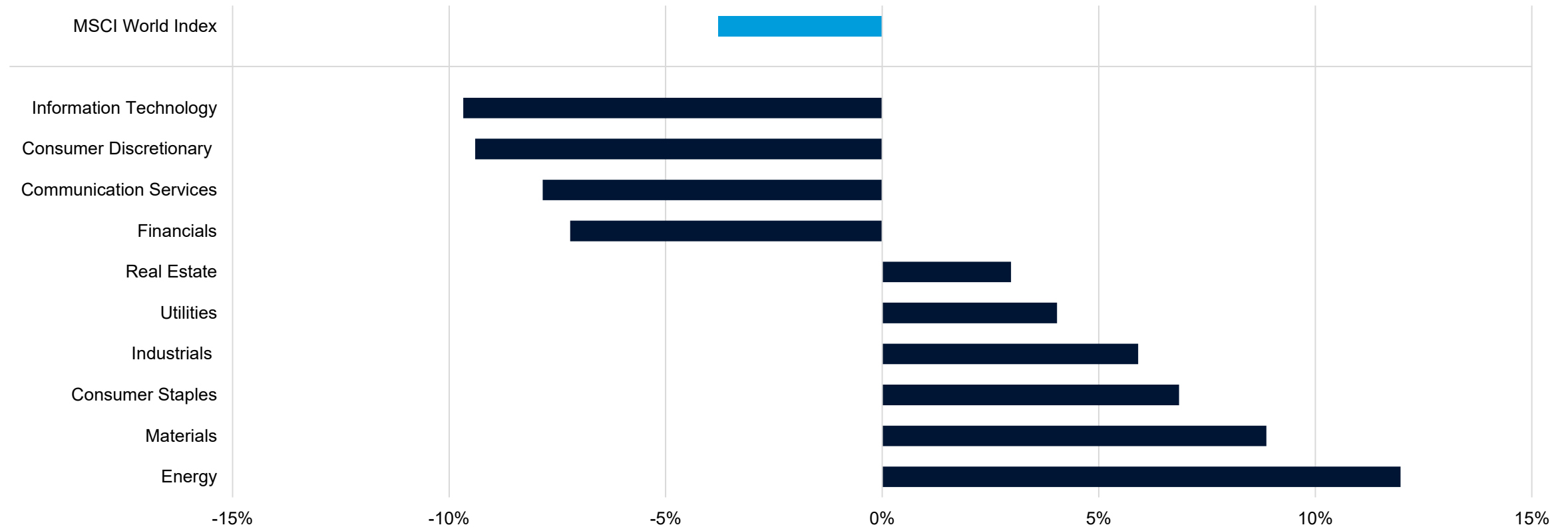


Source: Top chart – Morgan Stanley, Bloomberg, Bottom chart – Goldman Sachs

MSCI World Index Sector Performance 2026 YTD

Wide dispersion in sector performance

MSCI World Index (in A\$) – Sector performance



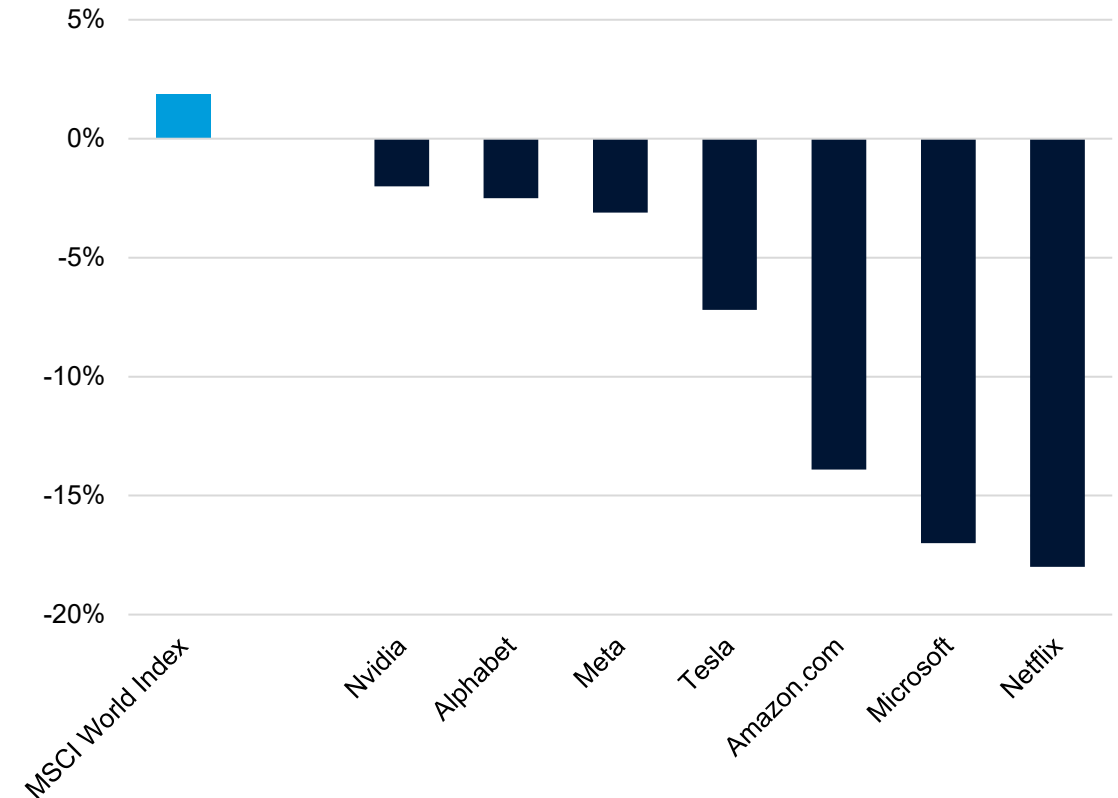
Source: Bloomberg

Magnificent 7

Magnificent 7 have gone from leading the market, to lagging the market

- **Magnificent 7** are not homogenous, each have their own investment considerations
- Market concerned about massive AI capex for hyperscalers
- Any businesses uncertainty met with share price pressure

2026 YTD returns (US\$)



Source: Bloomberg



2

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



L1 Capital International (Unhedged) Active ETF

A benchmark-agnostic, high-conviction portfolio focused on quality and consistent outcomes

Fund performance* (Net, %)	Fund	Benchmark**	Alpha
1 month	(7.0)	(2.7)	(4.3)
3 months	(8.0)	(3.4)	(4.6)
1 year	(1.3)	6.5	(7.8)
3 years p.a.	19.6	19.5	+0.1
5 years p.a.	13.6	14.9	(1.3)
Since Inception p.a.	13.5	13.7	(0.2)
Since Inception cumulative	140.8	143.5	(2.7)

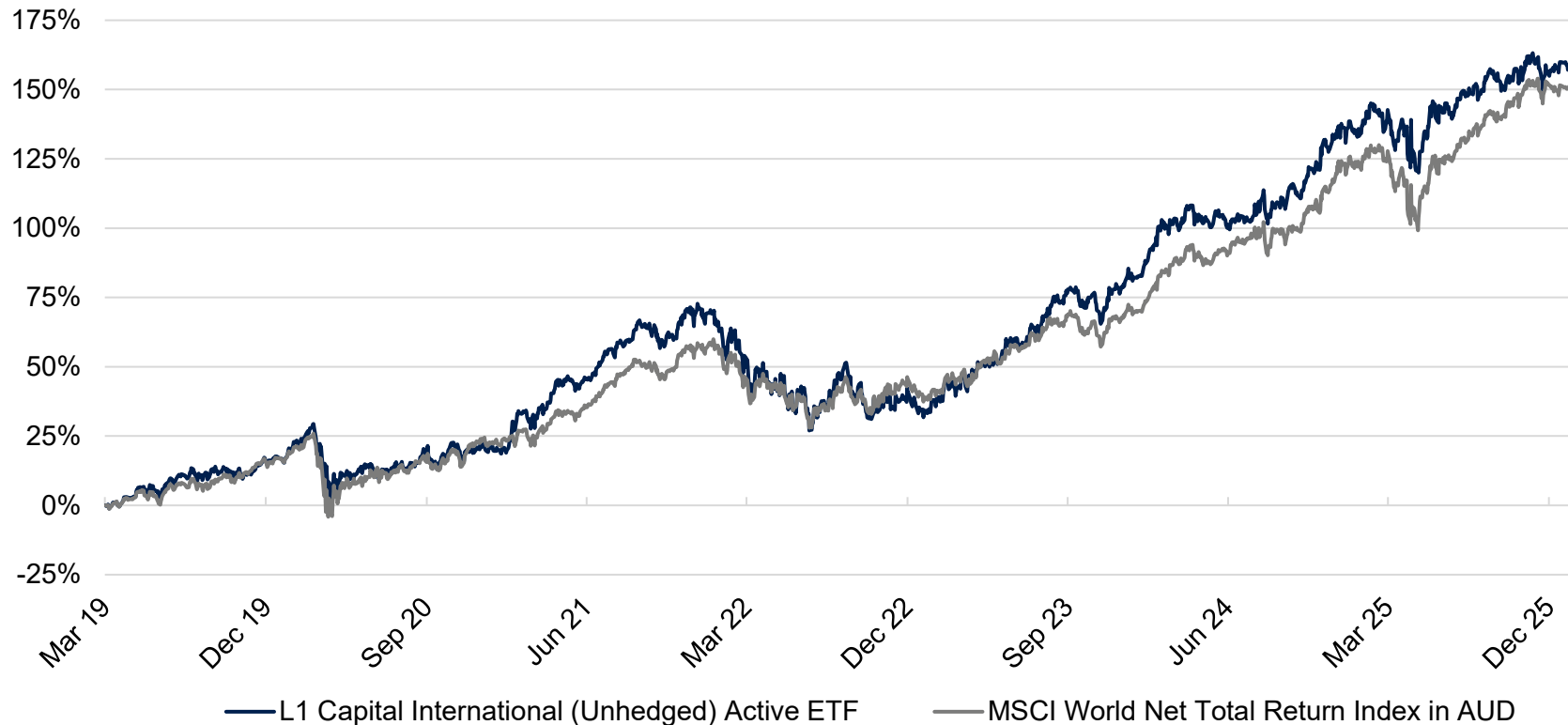
Performance objectives

- 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 31 January 2026. All performance numbers are quoted net of fees. *Unit Trust Inception is 1 March 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.

L1 Capital International (Unhedged) Active ETF | Performance

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



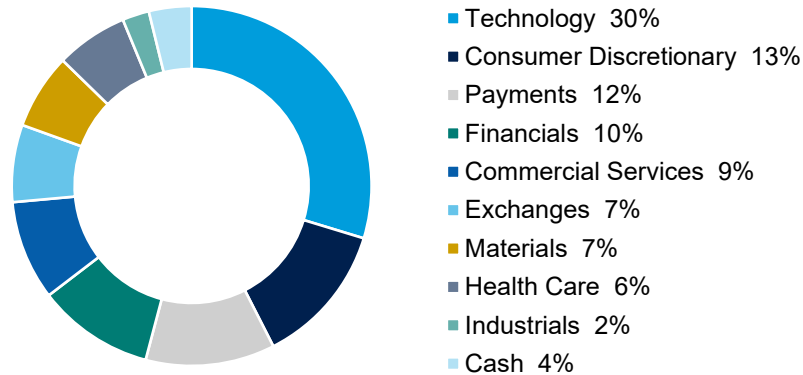
140.8% return
net of fees,
versus
the Benchmark
return of **143.5%**

Source: L1 Capital International and MSCI as at 31 January 2026. Unit Trust Inception is 1 March 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.

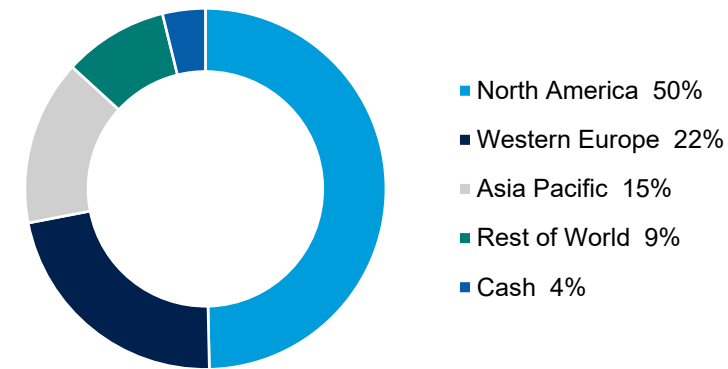
Current portfolio positioning: Diversified by industry, region and company size

Portfolio focused on high quality companies in developed markets in a range of well structured and growing industries. Technology exposure is diversified

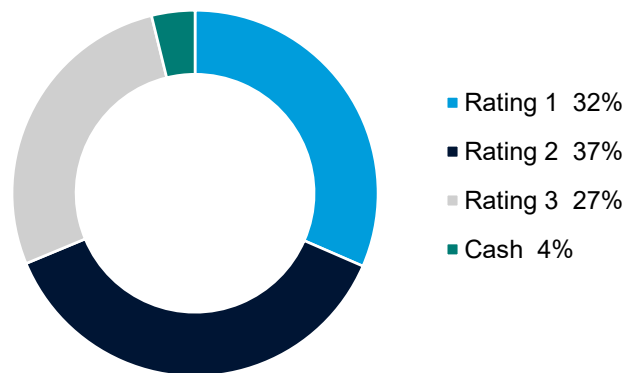
Sector exposure¹



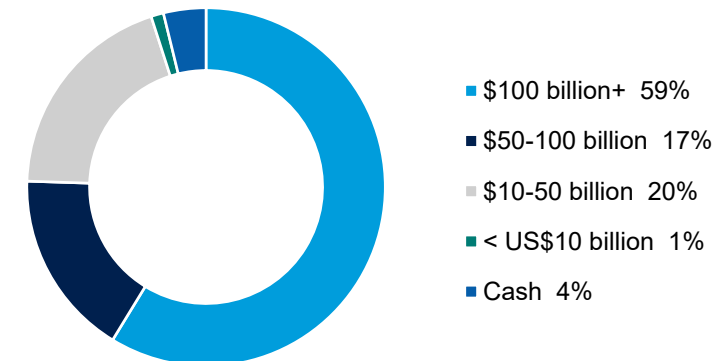
Revenue exposure by region²



L1 Capital International Quality Rating



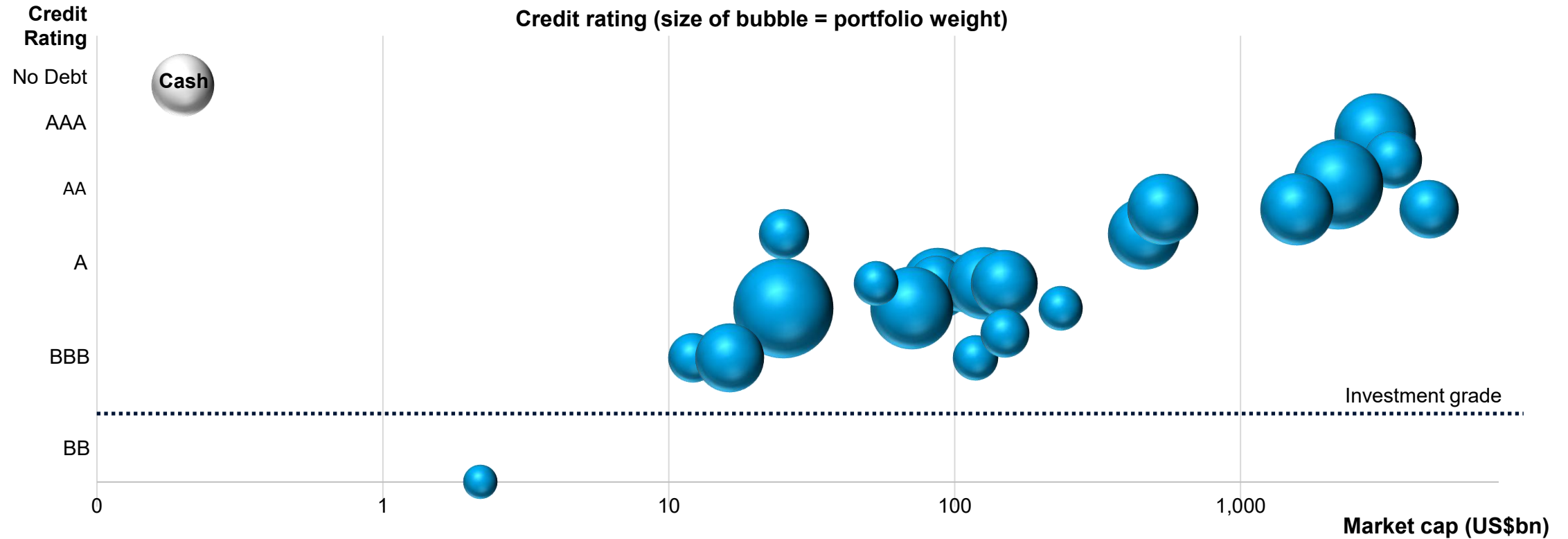
Market capitalisation exposure (in US\$)



Source: L1 Capital International as at 31 January 2026. 1. Sector exposure is defined by L1 Capital International to best describe the nature of the underlying businesses. 2. Revenue by region is internally estimated on a look through basis based on the underlying revenues of the individual companies held in the portfolio.

Financial strength

Key investment criteria and reduces risk



Source: L1 Capital International as at 20 February 2026.

Current portfolio metrics

Financial metrics reflect portfolio quality

2025 metrics

	Fund ¹	MSCI World Index ¹	ASX 200 ¹
Revenue growth	13%	2%	0%
Gross margin ²	69%	32%	42%
Operating margin	36%	14%	14%
Cash conversion ³	76%	ND	ND
Net debt to EBITDA	1.3x	1.9x	3.6x
Return on equity	38%	15%	11%

2026 metrics

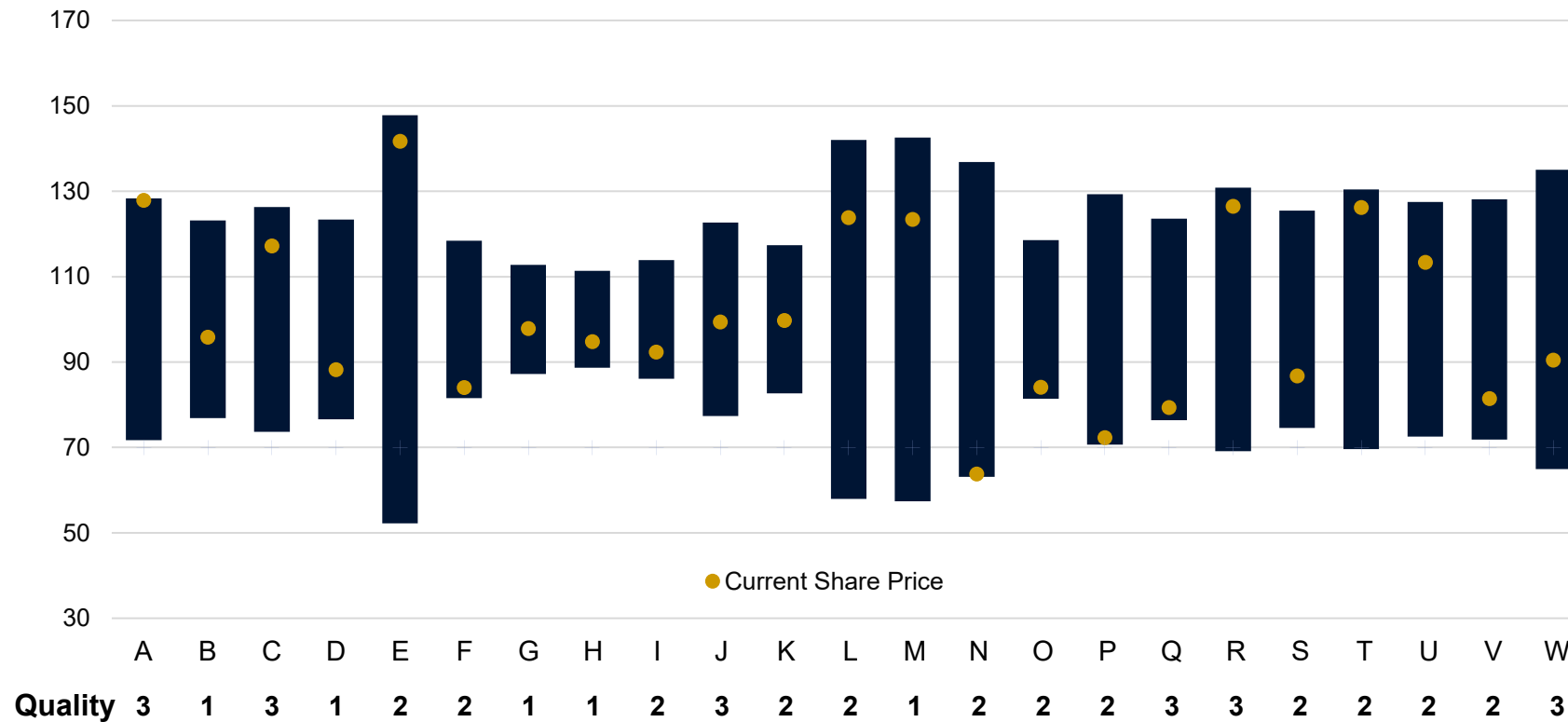
	Fund ¹	MSCI World Index ¹	ASX 200 ¹
P/E ⁴	21x	24x	21x
Dividend yield	0.9%	1.6%	3.3%

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 February 2026. 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.

Portfolio valuation compared to 12-month trading range

Wide variance in share price performance depending on market perception of AI exposure

Portfolio investments – Share price compared to 12-month trading range (rebased)



- Portfolio has traded on average around 25% from mid-point of 12-month trading range
- Portfolio has companies trading at both 12-month highs and 12-month lows
- **Defensive** and **AI immune** businesses have **rerated**
- Share prices of **perceived AI losers** have **fallen significantly**

Source: Bloomberg and L1 Capital as at 17 February 2026.

Portfolio valuation compared to share price

Concentrated contribution to index performance is obfuscating mixed equity market conditions

Seeing good value in most Portfolio holdings



- **Top 10** around **60%** of total portfolio
- **Trimming AerCap, Alphabet, HCA and Weir** reflecting valuation discipline following substantial share price increases
- Modestly **adding to LSEG, Mastercard and Visa**
- **Software businesses and Booking.com undervalued, but risk has increased**
- **Cash** currently c. 6%

Source: Bloomberg and L1 Capital as at 17 February 2026.














3

Portfolio Considerations



Top 11 holdings | AI considerations

Market is seeing more AI downside risk than we assess, although software holdings outside of top 11 (Intuit and Salesforce) have a wide range of outcomes

	AI exposure		Key comment	
	Low		No direct exposure. Business meeting or exceeding expectations	
	AWS: High	eCommerce: Low	AWS: Massive capex, return on capital and AI offerings to be proven	eCommerce: Agentic commerce an opportunity, Amazon flywheel a huge competitive advantage
	High		Incumbent advantages but needs to develop the agentic connected trip. Facing new competition	
	Low		Benefits from supplying materials to datacentre construction and related infrastructure	
	Low		Overall exposure small. Opportunities and threats in AI medical research	
	Moderate		Exchanges - no direct exposure, Fixed Income and Data - AI exposure where data not proprietary, Mortgage Tech - embedded but need to invest	
	Moderate		Need to harness AI and prove value of specialised labour	
	Low		Regulatory risk assessment is more acute, well positioned to benefit from AI	
	High		Azure: Massive capex, return on capital and AI offerings to be proven	Rest of business: Software centric, need to incorporate AI to strengthen moat and support growth
	High		Direct beneficiary of growth in AI	
	Low		Regulatory risk assessment is more acute, well positioned to benefit from AI	

Source: L1 Capital International

Example | Amazon.com



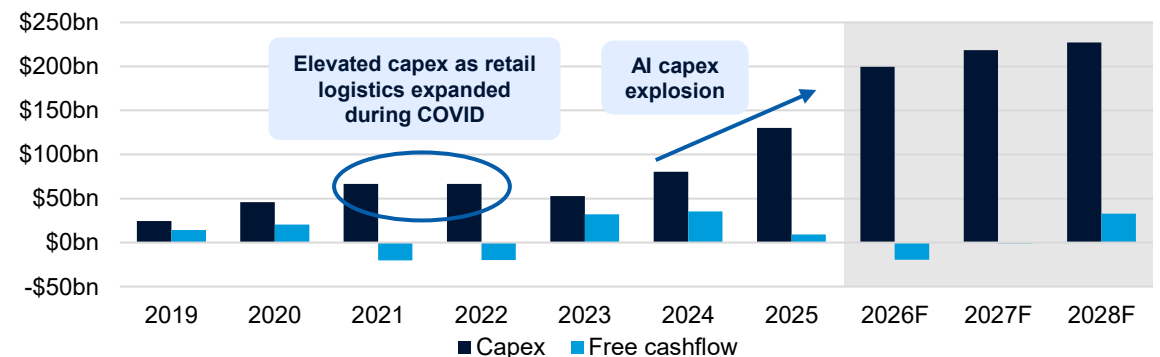
Level of capex to support AI is unprecedented, returns on this capital to be proven.
Share price presents a compelling investment opportunity for longer term investors.

- Amazon surprised the market with a **US\$200bn capex guide** for 2026
 - Likely modestly free cashflow negative in 2026
- **Unknown returns on this capital**, and exposure to earlier stage AI leaders causing market concerns
- Amazon also **lacks** its own **industry leading LLM**
- **Retail** operations **exceeding expectations**
- **Core AWS cloud** business remains **strong**

Amazon and Walmart forward P/E ratios



Amazon capex and free cashflow



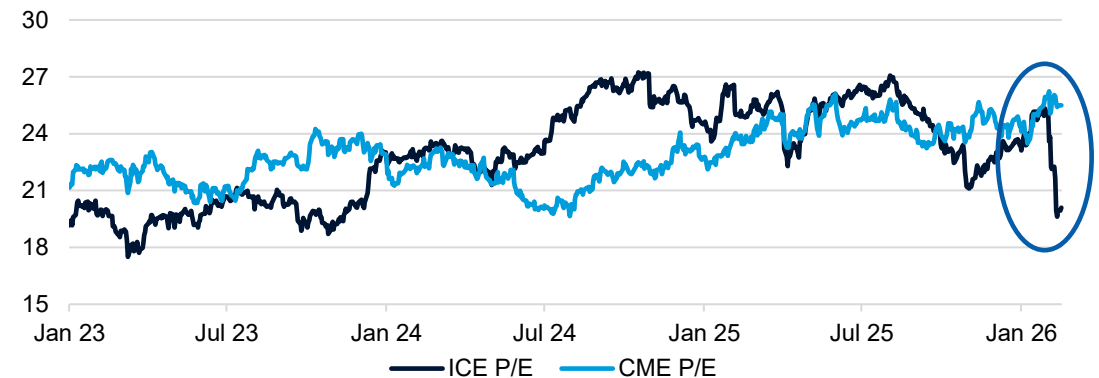
Source: FactSet, Amazon and L1 Capital International

Example | Intercontinental Exchange (ICE)

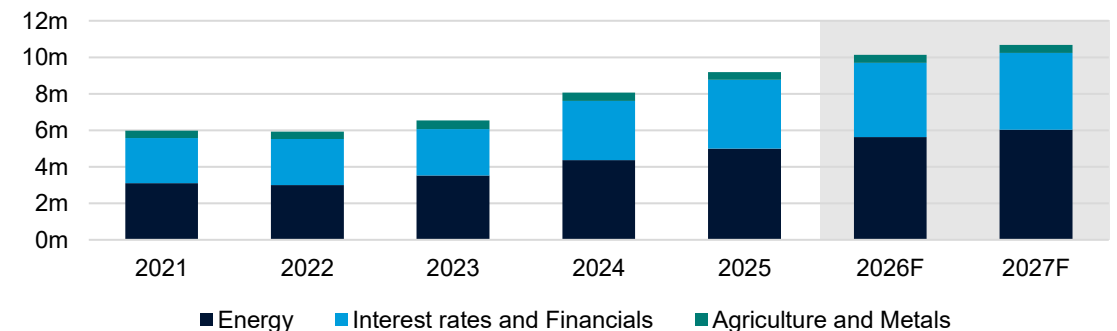
Exchanges division c. 70% of earnings, limited exposure to AI and is performing strongly. Market is heavily discounting perceived AI risks to Data and Mortgage Technology.

- **Diversified, ‘All weather’ portfolio** of businesses delivers consistent earnings growth
- **Exchange volumes** are at record levels
- Significant proportion of **data** is **proprietary**
- **Mortgage tech** is **embedded** in clients
 - Opportunities to **enhance capabilities** by **incorporating AI**

ICE and CME P/E ratios



Intercontinental Exchange – daily trading volumes



Source: Company reports and L1 Capital International

Example | TSMC

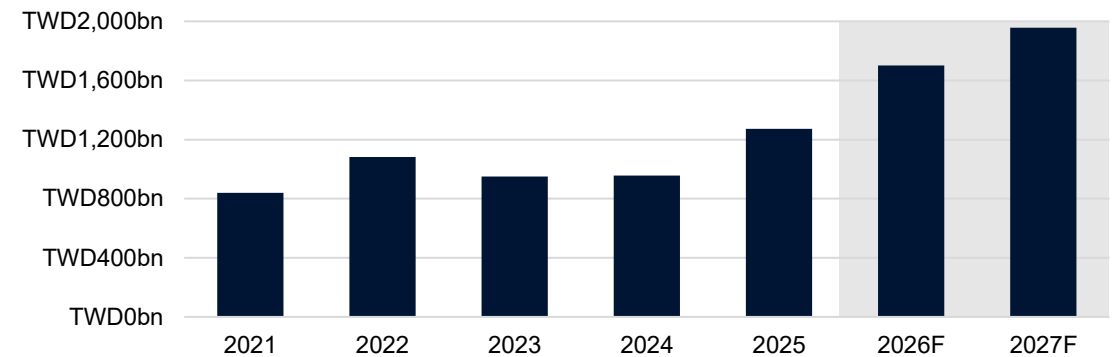


TSMC is also increasing capex, building fabs globally.

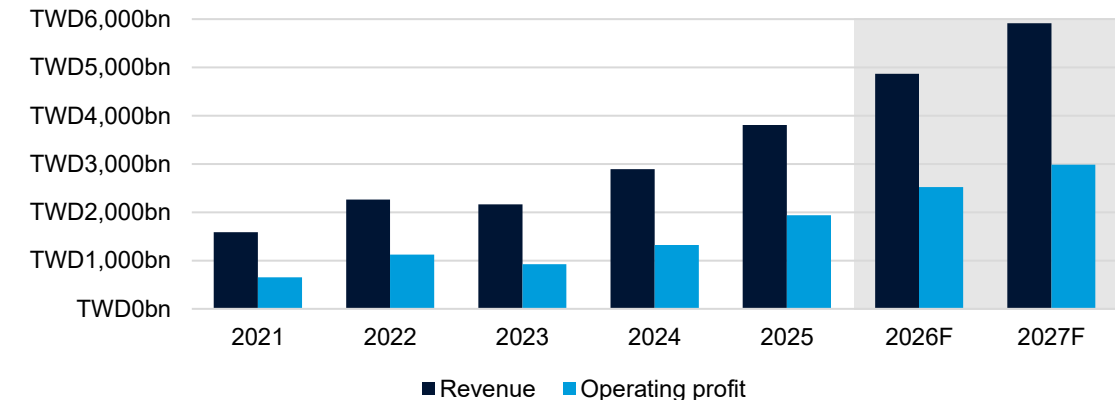
More immediate uplift in revenue and earnings being rewarded by the market.

- **TSMC** is the global leader in leading edge semiconductor manufacturing and is **foundationally important** to the **growth** of the **AI industry**
- TSMC has also **materially increased capex**, guiding to US\$52 bn to US\$56 bn in 2026
- **Uplift in revenue and earnings**, and return on capex is **more apparent** to investors
- Reflected in **strong share price performance**
- **Trading within fair value range**

TSMC capex



TSMC revenue and operating profit



Source: TSMC and L1 Capital International



4

Summary



Summary

Economic environment broadly unchanged. Market increasing focused on ‘AI winners’, ‘losers’ and ‘perceived losers’, complex debates are being over-simplified into black and white discussions

- 1 ‘K-shaped economy’** – Affluent consumers are doing well, middle O.K., lower socio-economic are struggling
- 2 Economic conditions** in most developed regions are **mixed**, adapting to **geopolitical uncertainties**
- 3 Central Banks** globally are **generally reducing short-term rates**, slowly, but **remain wary of inflation** e.g. rate increases in Japan and Australia
- 4 Longer-term interest rates** have been **broadly stable** and **supportive of asset values**
- 5 AI is swamping all other investment considerations.** Companies categorised as **winners or losers**
- 6 Capital flows** and **sentiment** are causing **price and value to diverge**
- 7 Opportunities** for **longer term investors**, but **risks have increased for some businesses**



5

Appendix | Fund terms and contacts



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	<ul style="list-style-type: none">• 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.au before making a decision about whether to invest in this product.

The L1 Capital International (Unhedged) Active ETF’s Target Market Determination is available [here](#). 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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