EVOLUTION CAPITAL

L1G | UPDATE REPORT | FINANCIALS

Published on 12 March 2026

Firing on All Cylinders

L1 Group Ltd

We reaffirm our BUY rating on L1 Group and raise our price target to $1.37 per share from $0.92, implying ~11% upside to the current share price (15% TSR inc. expected dividend). 1H26 actuals validate our initiation thesis and, in several areas, materially exceed our base case assumptions. Our updated DCF yields a blended fair value of $1.30 ($1.42 on a 12-month forward basis), with a fair value range of $1.31 to $1.57 across our forward valuation methodologies.

Alpha Business. Investment performance was exceptional across L1 strategies in CY25. LSF delivered a 46.8% net return (vs ASX200AI 10.3%), GLSF returned 78.2% (vs MSCI World 21.1%), and the Gold Fund returned 159.3% since its March 2025 launch. These outcomes substantially exceed our initiation pro-forma base-case alpha modelling (6% for LSF; 3% for other L1 strategies) and have translated directly into FUM growth. L1 Long Short strategies grew by $2.6bn in the half to $7.5bn, and total group FUM reached $17.6bn.

Seamless Integration. Synergy delivery has exceeded initial guidance, with the company now targeting the top end of an upgraded $30-35m range (vs. $20m our initiation assumption). The annualised run-rate of $24.8m had been realised at the December 2025 exit rate, driving an operating expense trajectory materially below our initiation estimates of $124m and $115m, respectively. The Platinum International Fund ($2.5bn) was successfully transitioned to L1 International management, and Platinum FUM stabilisation is now expected within 15 months (Evolution maintains FY29 stabilisation assumption).

Valuation. Our updated model reflects higher cost synergies, a stronger near-term FUM trajectory (particularly GLSF at $2.5bn), lower operating expenses, and a materially stronger balance sheet ($250m net cash and $299m in seed investments). We revise our WACC to 10.8%, reflecting an updated beta of 1.2x and a higher risk-free rate of 4.8% (10yr bond yield). Our 12mth forward DCF (Gordon Growth) yields $1.27 per share, the exit multiple method yields $1.57 per share (at 14x terminal EV/EBITDA), and our trading comparables suggest $1.31 per share at stable multiple of 14x.

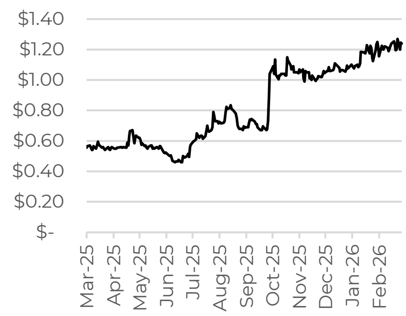
Key Financials	1H FY26a	FY26e	FY27e	FY28e	FY29e
Income Statement ($m)					
Underlying Revenue	145.1	313.6	308.3	340.9	369.8
Underlying EBITDA	94.9	205.3	202.0	230.6	250.0
EBITDA Margin (%)	65.4%	65.5%	65.5%	67.7%	67.6%
Underlying NPAT	66.3	140.1	134.1	153.9	167.1
Per Share Data (cps)					
Diluted EPS	2.83	5.46	5.23	6.00	6.51
DPS (fully franked)	1.00	4.91	4.70	5.40	5.86
Dividend Yield (%)	0.8%	4.0%	3.8%	4.5%	4.8%
Funds Under Management ($bn)					
Total FUM	17.64	17.98	19.60	21.53	23.32
FUM Growth (YoY)	n/a	1.9%	9.0%	9.8%	8.3%
Valuation (at $1.23)					
P/E (x)	10.0x	22.5x	23.5x	20.5x	18.9x
EV/Underlying EBITDA (x)	14.0x	14.1x	14.3x	12.5x	11.5x

Recommendation	**BUY**
Fair Val. Range	**$1.31 - $1.57**
Price Target	**$1.37**
Share Price	**$1.23**
TSR	**15%**

Company Profile

Market Cap	$3.16bn
Enterprise Value	$3.16bn
SOI (diluted)	2.57bn
Free Float	28.2%
ADV (3-month)	$3.22m
52-Week Range	$0.45 – 1.30

Performance



%	1M	3M	12M
Absolute	10.2%	23.4%	119.5%
ASX/S&P200	0.4%	1.7%	12.3%

Company Overview

L1 Group Limited (ASX: L1G) is an Australian-listed asset management holding company with $17.6bn in funds under management across long/short equity, international, and affiliated strategies. The group was formed through the October 2025 reverse acquisition of Platinum Asset Management by L1 Capital, creating one of Australia's largest listed alternative asset managers. L1G earns revenue primarily through management fees on FUM and performance fees subject to a Z Class structure that caps the company's entitlement to the first 3.5% of absolute returns per annum on its flagship strategies.

Analyst

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Coverage

26/09/2025 Initiation (link)

Financial Summary

VALUATION DETAILS	
Share Price (A$)	$1.23
Market Cap (A$m)	3.16bn
Enterprise Value (A$m)	3.16bn
Multiples-Based Fair Value/sh (A$)	$1.31
12m Forward DCF Fair Value/sh (A$)	$1.42
Target Price/Share (A$)	**$1.37**

PER SHARE DATA	1H FY26	FY26e	FY27e	FY28e	FY29e
Dil. Shares Out (m)	2,566	2,566	2,566	2,566	2,566
Diluted EPS (cps)	2.83	5.46	5.23	6.00	6.51
Dividends/Sh (cps)	1.00	4.91	4.70	5.40	5.86
Payout	35%	90%	90%	90%	90%
Franking	100%	100%	100%	100%	100%
Book Value/Sh (A$)	$0.37	$0.25	$0.26	$0.27	$0.28

STATEMENTS (A$m)	1H FY26	FY26e	FY27e	FY28e	FY29e
Income Statement					
Underlying Revenue	145.1	313.6	308.3	340.9	369.8
Operating Expenses	(50.2)	(108.2)	(106.3)	(110.2)	(119.8)
Underlying EBITDA	94.9	205.3	202.0	230.6	250.0
Underlying EBIT	92.0	198.3	193.8	222.4	241.8
Underlying NPAT	66.3	140.1	134.1	153.9	167.1
Balance Sheet					
Cash & Equivalents	249.5	229.0	242.1	304.9	324.2
Financial Assets	79.0	82.1	84.1	45.7	49.7
Receivables	422.0	46.1	51.9	55.8	60.5
Other Assets	414.4	417.7	424.1	430.7	437.5
Total Assets	1,164.9	774.9	802.3	837.1	871.8
Total Debt	18.1	18.1	18.1	18.1	18.1
Other Liabilities	187.7	117.5	118.8	123.7	128.7
Total Liabilities	205.9	135.6	136.9	141.8	146.8
Shareholders' Equity	723.7	737.5	763.5	791.7	821.3
Retained earnings	76.7	160.8	187.8	217.9	250.6
Non-Controlling Interest	235.3	(98.2)	(98.2)	(96.4)	(96.4)
Shareholders' Equity	959.0	639.3	665.3	695.3	724.9
Cash Flow Statement					
Underlying NPAT	66.3	140.1	134.1	153.9	167.1
Add: D&A	2.9	7.0	8.2	8.2	8.2
Less: Change in NWC	(0.8)	304.8	0.2	1.0	0.4
Cash Flow from Ops.	68.2	447.5	133.9	157.4	169.7
Cash Flow from Inv.	9.5	9.5	-	43.8	-
Equity Raised (net)	213.8	213.8	-	-	-
Less: Dividends Paid	(53.0)	(119.4)	(120.7)	(138.5)	(150.3)
Cash Flow from Fin.	161.1	94.7	(120.7)	(138.5)	(150.3)
UFCF	68.2	152.7	142.1	162.9	175.9

RATIOS	1H FY26	FY26e	FY27e	FY28e	FY29e
Liquidity					
Current Ratio	3.9x	2.7x	2.8x	3.3x	3.4x
Quick Ratio	3.9x	2.7x	2.8x	3.3x	3.4x
Solvency					
Debt to Equity	2.5%	2.5%	2.4%	2.3%	2.2%
Equity to Assets	62.1%	95.2%	95.2%	94.6%	94.2%
Profitability					
ROA	5.7%	18.1%	16.7%	18.4%	19.2%
ROE	9.2%	19.0%	17.6%	19.4%	20.3%
Und. EBITDA Margin	65.4%	65.5%	65.5%	67.7%	67.6%
Und. NPAT Margin	45.7%	44.7%	43.5%	45.1%	45.2%
Growth					
Underlying Rev,	n/a	n/a	-1.7%	10.5%	8.5%
Underlying EBITDA	n/a	n/a	-1.6%	14.2%	8.4%
Underlying NPAT	n/a	n/a	-4.2%	14.7%	8.6%
Diluted EPS	n/a	n/a	-4.2%	14.7%	8.6%
Valuation (at current share price)					
P/E	10.0x	22.5x	23.5x	20.5x	18.9x
EV/Und. EBITDA	14.0x	14.1x	14.3x	12.5x	11.5x
Dividend Yield	0.8%	4.0%	3.8%	4.5%	4.9%
P/Book	4.3x	4.3x	4.2x	4.1x	3.9x

Investment Thesis

Scalable, High-Margin Revenue

L1G's revenue is predominantly management fee–driven, generating predictable income that scales linearly with FUM at minimal incremental cost. We estimate each additional $1bn of FUM contributes $12-14m in annual management fees, implying significant operating leverage as FUM grows from $17.6bn toward our FY29 estimate of $23.3bn. EBITDA margins expand from 65.4% in FY26 (propped up by Gold fund performance fee crystallisation) to 67.6% by FY29, underpinned by a largely fixed cost base post-synergy realisation.

Proven Alpha Generation

L1's flagship strategies have delivered sustained, benchmark-beating returns: LSF's since-inception record of 20.0% p.a. and GLSF's 78.2% CY25 return demonstrate repeatable alpha across Australian and global equities. Strong performance is the primary driver of FUM growth through both market appreciation and net inflows: L1 Long Short strategies grew by $2.6bn in 1H alone.

Merger Integration Exceeding Expectations

The Platinum acquisition has been transformative. Cost synergies of $24.8m (annualised run-rate) have already been realised, with an upgraded target of $30-35m representing 50-75% upside to our initiation assumption. The Platinum International Fund ($2.5bn) was successfully transitioned to L1 International, Platinum outflows are moderating, and the combined platform offers a diversified, multi-strategy product suite spanning domestic long/short, global equities, gold, and affiliated strategies.

Fortress Balance Sheet with Embedded Optionality

L1G holds $250m in net cash and $299m in co-investments and seed capital, providing balance sheet firepower for new fund launches, strategic acquisitions, and continued alignment with fund investors. We expect L1 to launch another strategy in 1H FY27.

1H FY26 Results

Topline

L1G reported underlying revenue of $145.1m in 1H FY26, comprising management fees of $92.2m (64% of revenue), in-perimeter performance fees of $39.9m (27%), affiliate income of $1.6m, and realised investment gains of $11.4m. We forecast FY26 underlying revenue of $314m, implying a $168m second half. The 2H revenue uplift is driven by a $61m performance fee crystallisation on the Gold Fund upon its wrap-up into the Gold & Precious Metals LIC (discussed below), partially offset by the GLS LIC management fee holiday (no fees on ~$1bn of GLSF FUM until November 2026) and the absence of LSF and GLSF in-perimeter performance fees in 2H.

The average management fee rate was 1.09% in 1H, below the 1.15% blended assumption in our initiation. The compression reflects two factors: the GLS LIC management fee holiday (no fees on ~$1bn FUM until November 2026) and the dilutive effect of declining Platinum FUM on the blended rate. Within the half, the 1Q rate of 1.15% compressed to 1.03% in 2Q as Platinum outflows accelerated. We expect the blended rate to recover from late CY26 as the GLS fee holiday expires and L1-managed FUM (which commands higher fees) continues to grow as a proportion of total FUM.

In-perimeter performance fees of $39.9m were generated in 1H, representing approximately 35% of total FY26 estimated in-perimeter performance fee revenue of $115m. This front-loading of the L1 Long Short strategies is structural: under the Z Class arrangement, L1G is entitled to performance fees on the first 3.5% of absolute returns per financial year. Given LSF's 46.8% CY25 return, the full in-perimeter entitlement was triggered within 1H and will not repeat in 2H unless returns exceed the high watermark established at 31 December 2025. Our FY26 performance fee estimate of $115m includes an additional $76m in 2H, primarily comprising $61m from the crystallisation of accumulated performance fees on the Gold & Precious Metals Fund upon its wrap-up and conversion into the Gold & Precious Metals LIC via IPO, with the balance from L1 International and affiliate strategies. The Gold Fund crystallisation reflects the fund's 159% return since its March 2025 launch and is a one-off item that will not recur in future periods. Excluding this crystallisation, normalised FY26 in-perimeter performance fees are approximately $54m. Separately, we note that 2H FY26 management fees are broadly flat half-on-half at $92m despite rising FUM, as the GLS LIC management fee holiday (12 months from 28 November 2025) offsets the benefit of higher average FUM across other strategies. Investors should note the resultant H1/H2 earnings profile: we estimate 1H underlying NPAT of $66.3m versus 2H of $73.8m, with the increase driven by the Gold Fund crystallisation, partially offset by the absence of LSF and GLSF in-perimeter performance fees and the GLS fee holiday.

Operating Expenses

Operating expenses of $50.2m in 1H were well below our initiation estimate. Annualised, this represents a run-rate of approximately $100m, materially below the $124m we assumed at initiation for FY26.

The outperformance is driven by faster-than-expected synergy realisation. The company reported $24.8m of annualised cost synergies at the December 2025 exit rate and has upgraded guidance to the top end of a $30–35m target range, versus the $20m assumed in our initiation. We now model FY26 total opex of $108m (including $10.0m of restructuring costs) and $106m in FY27 (with $5.0m residual restructuring), declining to approximately $101m on a clean basis by FY27 as the full synergy benefit is realised.

The key line items were salaries of $25.3m (in line with pro-forma run-rate), business development of $12.0m (elevated due to new fund launch costs in 1H), and professional services of $13.7m (includes non-recurring merger-related advisory, normalised to $3.5m per half going forward).

Figure 1: Underlying operating expense breakdown, 1H FY26a-FY29e ($m).

Operating Expenses Schedule ($m)	1H FY26	FY26e	FY27e	FY28e	FY29e	CAGR
Salaries & employee-related	25.3	51.8	57.1	62.4	68.1	*9.6%*
Share-based payments	2.5	5.5	6.5	7.1	7.7	*12.2%*
Fund administration	2.8	6.0	6.8	7.4	8.0	*10.2%*
Technology, research & data	2.5	3.7	2.6	2.8	3.0	*-7.6%*
Business development	12.0	17.6	10.5	11.4	12.3	*-11.2%*
Insurance	4.5	6.8	4.7	4.9	5.1	*-8.9%*
Rent & occupancy	0.7	1.5	1.5	1.6	1.7	*5.7%*
Professional services	13.7	17.2	7.4	8.0	8.6	*-20.6%*
Other expenses	3.6	5.6	4.3	4.7	5.1	*-2.7%*
Restructuring costs	0.0	10.0	5.0	0.0	0.0	
Total Operating Expenses	**50.2**	**108.2**	**106.3**	**110.2**	**119.8**	***3.4%***

EBITDA & Margins

Underlying EBITDA was $94.9m (65.4% margin), a significant step-up from the 49% pro-forma margin at our initiation. Margin expansion reflects stronger revenue and cost reduction. We forecast FY26 EBITDA of $205m (65.5% margin), compressed relative to 1H due to the absence of LSF and GLSF in-perimeter performance fees in 2H and the GLS LIC management fee holiday. The FY26 and FY27 margins understate normalised profitability given the fee holiday and remaining restructuring charges: we forecast FY28 EBITDA of $231m (67.7% margin) as the full fee base and opex savings are realised, expanding to $250m (67.6% margin) in FY29. Operating leverage embedded in our modelling is substantial: we estimate each incremental $1bn of FUM generates approx. $12–14m of management fees at minimal incremental cost.

Underlying NPAT & EPS

1H diluted EPS of 2.83c annualises to approximately 5.7c, above our FY26 diluted EPS estimate of 5.5c, reflecting the H1-heavy performance fee skew on the L1 Long Short strategies noted above. We forecast FY26 NPAT of $140m (5.46c EPS), which includes the $61m Gold Fund crystallisation as a one-off item. FY27 NPAT declines to $134m (5.23c EPS) as the crystallisation drops out and the GLS fee holiday continues through 1H FY27, before recovering to $154m in FY28 (6.00c EPS) as the full management fee base is restored and FUM-driven revenue growth resumes. The FY27-29 EPS CAGR of approximately 12% (FY26-FY29: 6%) reflects the normalised earnings growth trajectory, underpinned by FUM-driven revenue growth and ongoing margin expansion, partially offset by normalising performance fees.

Figure 2: Underlying earnings summary, 1H FY25a-FY28e.

Underlying Earnings Summary ($m)	FY25 (PF)	1H FY26	FY26e	FY27e	FY28e	FY29e	CAGR
Underlying Revenue	262.1	145.1	313.6	308.3	340.9	369.8	*5.7%*
Operating Expenses	119.7	50.2	108.2	106.3	110.2	119.8	*3.4%*
Underlying EBITDA	**142.4**	**94.9**	**205.3**	**202.0**	**230.6**	**250.0**	***6.8%***
EBITDA Margin	*54.3%*	*65.4%*	*65.5%*	*65.5%*	*67.7%*	*67.6%*	*1.1%*
Underlying NPAT	**96.1**	**66.3**	**140.1**	**134.1**	**153.9**	**167.1**	***6.0%***
NPAT Margin	*36.7%*	*45.7%*	*44.7%*	*43.5%*	*45.1%*	*45.2%*	*0.4%*
Diluted EPS (cps)	n/a	2.83	5.46	5.23	6.00	6.51	*6.0%*
DPS (cps)	n/a	1.00	4.91	4.70	5.40	5.86	*6.0%*

Financial Position

L1G reported $249.5m in cash and term deposits, no borrowings, implying net cash of $231.4m after lease liabilities. Investments in associates totalled $219.3m, predominantly comprising co-investments in LSF (~$120m) and GLSF (~$65m). Financial assets of $79.0m include seed capital in newer strategies (Arrow Trust, GW&K and L1 Balanced Equities Fund). Combined, balance sheet investments total approximately $299m, providing both alignment with fund investors and mark-to-market upside in a rising performance environment.

Figure 3: Balance sheet summary at 31 December 2025 ($m).

Balance Sheet at 31 Dec 2025 ($m)	1H FY26a
Assets	
Cash & term deposits	249.5
Trade & other receivables	422.0
Financial assets (current + non-current)	79.0
Investments in associates	219.3
Intangibles	175.6
Other assets (PP&E, ROU, JVs)	19.5
Total assets	**1,164.9**
Liabilities & Equity	
Lease liabilities	18.1
Borrowings	—
Other liabilities	187.7
Total liabilities	**205.9**
Total equity (incl. NCI)	**959.0**

Dividends/Distributions

The Board declared a 1.0 cent per share interim dividend, fully franked. This is below the approximately 3.0 cents per half implied by our initiation FY26 DPS estimate of 6.0 cents and reflects a conservative payout of 35% of 1H underlying EPS.

We interpret the lower-than-expected dividend as reflecting capital retention for fund seeding and new product launches rather than any change in long-term payout policy. The company's stated target payout ratio is 90% of underlying NPAT. We model FY26 DPS of 4.9 cents (90% payout applied to our FY26 NPAT estimate), implying a 3.9 cent final dividend: a material step-up from the interim. At the current share price, this implies a FY26 dividend yield of 4%.

Business Combination Update

The L1 Capital / Platinum merger completed on 1 October 2025 and integration is tracking ahead of plan under CEO Julian Russell. Cost synergies of $24.8m on an annualised run-rate had been realised at December 2025, and the company has upgraded its target to the top end of $30-35m (50-75% above the $20m assumed in our initiation). This drives an operating expense base of approximately $100m in FY26 and $95m in FY27 (per Company estimates), materially below our prior estimates of $124m and $115m respectively. The Platinum International Fund ($2.5bn) was successfully transitioned to L1 International management, creating the group's second-largest affiliate strategy at $3.3bn.

Platinum FUM declined from $7.9bn at FY25 close to $3.4bn at December 2025, though $3.3bn of this reduction reflects the transfer to L1 International rather than organic outflows. Adjusting for transfers, organic Platinum net outflows were approximately $1.2bn in the half, which is broadly consistent with our initiation assumption. Post-merger outflows are moderating, and management expects full stabilisation within 15 months (~mid-CY27), earlier than our initiation base case of FY29. The business is now predominantly L1-branded, with L1 Capital managing $14.2bn of the group's $17.6bn total FUM.

Investment Performance

CY25 was an exceptional year for L1's investment strategies. LSF returned 46.8% net (vs ASX200AI 10.3%), extending its since-inception track record to 20.0% p.a. FUM reached $6.3bn. GLSF, launched in November 2025, returned 78.2% net (vs MSCI World 21.1%) and scaled rapidly to $1.2bn. The Gold Fund delivered 159.3% net since its March 2025 launch, reaching $479m in FUM. On the Platinum side, the Asia Fund returned 24.2% in CY25, outperforming the MSCI Asia benchmark, with specialist funds also delivering double-digit since-inception returns. This is a noteworthy improvement from the persistent underperformance outlined in initiation.

The question for the model is whether CY25 is repeatable or a high-water mark. We take a conservative approach: given the Z Class structure on the long/short strategies, in-perimeter performance fees to L1G are capped at the first 3.5% of absolute returns per annum, meaning the outsized CY25 alpha primarily benefited Z Class holders rather than the top company's P&L. Strong underlying EBITDA growth for L1G will therefore be driven less by headline fund returns and more by sustained performance in affiliate and other L1/Platinum strategies where fee arrangements are more conventional. We model base case alpha well below recent realised levels: 4% annualised for LSF and GLSF, 3% for other strategies, and nil for Platinum during its turnaround. This captures uncertainty in market conditions and to risk the managers' ability to sustain the performance of CY25. Under this framework, what drives profitability for L1G is FUM growth brought about by sustained strong performance attracting net inflows, compounding market returns, and an increasingly diversified product offering across strategies and geographies.

Model Adjustments & Valuation Update

We have materially revised our financial model for L1G following the 1H FY26 result.

We revise our WACC marginally upward to 10.8% from 10.75%: higher risk-free rate of 4.8% (10-year Australian government bond yield, up from 3.75% at initiation) and an increased beta of 1.2x (up from 1.15x). We reduce equity market risk premium from 6% to 5% and maintain zero leverage given the company's debt-free balance sheet. The exit EV/EBITDA multiple is revised to 14.0x (up from 10.0x), reflecting our view that L1G's multi-strategy platform, superior margin profile, and growth trajectory warrant a premium to the peer median. L1G currently trades at approximately 14x. The long-term growth rate is revised to 3.5% (up from 3.0%), consistent with nominal GDP growth and the platform's FUM growth tailwinds. The net effect of a marginally higher discount rate is more than offset by the materially higher terminal multiple and growth rate, driving a higher DCF valuation.

FUM & Alpha

Our FUM build starts from a materially higher base: LSF at $7.5bn (vs ~$5.0bn at initiation) and GLSF at $2.5bn (vs ~$75m). We raise the LSF net flow cap to $10bn from $6.5bn and model base case alpha of 3% annualised for LSF, GLSF, L1 International, and affiliates; below the 6% LSF alpha at initiation and well below CY25 realised returns, reflecting a degree of conservatism over the forecast horizon. Market returns are modelled at 2.75% per half-year (approximately 5.6% annualised), implying total fund returns of approximately 8.7% annualised for alpha-generating strategies. The market return assumption comprises 4% market return per half expectation, less 1.25% per half fund distributions (~2.5% p.a.): most fund vehicles distribute somewhere in the 2-4% range annually. GLSF flows are modelled at 4% per half-year for the next 2 halves, before stepping down to 2% per half-year through FY28, and down to 1% from 1H FY29 as the fund matures. L1 International alpha remains at 3% annualised.

Platinum starting FUM of $3.4bn is lower than the $7.9bn at initiation due to fund transfers and organic outflows. Redemptions moderate from $500m per half in FY26–FY27 to $250m in 1H FY28, with stabilisation and modest net inflows of 1% per half expected from 2H FY28, which is meaningfully earlier than our initiation assumption of end FY29. We also incorporate two new product launches in 1H FY27: the Gold & Precious Metals LIC ($500m starting FUM via IPO) and an additional open-ended strategy ($500m), contributing approximately $1.0bn in incremental FUM and an estimated $14m in combined annual fee revenue from FY27 (see New Product Launches section).

Figure 4: FUM forecast by strategy and half-year growth rates, 1H FY26a–2H FY29e ($m). Source: Evolution Capital estimates.

FUM Summary ($m)	1H FY26	2H FY26	1H FY27	2H FY27	1H FY28	2H FY28	1H FY29	2H FY29
Constituent FUM								
L1 Long Short Fund (LSF)	7,530	7,925	8,341	8,695	9,064	9,449	9,850	10,268
L1 Global Long Short Fund (GLSF)	2,480	2,665	2,862	3,041	3,201	3,369	3,512	3,661
L1 International (ex-Platinum)	831	870	910	953	997	1,043	1,092	1,143
Platinum International Strategies	3,437	3,011	2,575	2,380	2,331	2,381	2,432	2,484
L1G Affiliates	3,361	2,990	3,159	3,337	3,526	3,690	3,862	4,042
Gold & Precious Metals LIC	500	517	532	548	565	582	599	617
New Strategy	n/a	n/a	620	648	970	1,013	1,057	1,104
Total FUM	**18,139**	**17,976**	**19,000**	**19,602**	**20,653**	**21,526**	**22,404**	**23,318**
Constituent FUM Growth (HoH)								
L1 Long Short Fund (LSF)	n/a	*5.2%*	*5.2%*	*4.2%*	*4.2%*	*4.2%*	*4.2%*	*4.2%*
L1 Global Long Short Fund (GLSF)	n/a	*7.4%*	*7.4%*	*6.2%*	*5.2%*	*5.2%*	*4.2%*	*4.2%*
L1 International (ex-Platinum)	n/a	*4.7%*	*4.7%*	*4.7%*	*4.7%*	*4.7%*	*4.7%*	*4.7%*
Platinum International Strategies	n/a	*-12.4%*	*-14.5%*	*-7.6%*	*-2.1%*	*2.1%*	*2.1%*	*2.1%*
L1G Affiliates	n/a	*-11.0%*	*5.7%*	*5.7%*	*5.7%*	*4.7%*	*4.7%*	*4.7%*
Gold & Precious Metals LIC	n/a	*3.4%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
New Strategy	n/a	*n/a*	*n/a*	*4.4%*	*49.7%*	*4.4%*	*4.4%*	*4.4%*
Total FUM Growth (HoH)	**n/a**	***-0.9%***	***5.7%***	***3.2%***	***5.4%***	***4.2%***	***4.1%***	***4.1%***
Fees								
Total Management Fees	92.2	92.1	95.9	103.8	106.9	111.6	116.3	120.9
Total In-Perimeter Performance Fees	39.9	75.5	52.0	54.9	57.5	61.1	63.8	66.6

Performance Fee Timing

The most significant near-term model change relates to performance fee timing. The updated model correctly zeroes LSF and GLSF in-perimeter performance fees in 2H FY26: under the Z Class structure, L1G's performance fee entitlement on each fund is calculated on the first 3.5% of absolute returns per calendar year, and CY25's exceptional returns meant the full entitlement was recognised in 1H. However, FY26 in-perimeter performance fees are materially higher than our prior estimate at $115m (from $63m previously), driven by a $61m one-off crystallisation of accumulated performance fees on the Gold Fund upon its wrap-up into the Gold & Precious Metals LIC in 2H. Excluding this crystallisation, normalised FY26 in-perimeter performance fees are approximately $54m. FY26 EBITDA is $205m and diluted EPS is 5.5 cents. Critically, the Gold Fund crystallisation and the GLS LIC management fee holiday both create a trough in FY27 earnings: FY27 EBITDA of $202m and EPS of 5.2 cents reflect the absence of the crystallisation and the continued fee holiday through 1H FY27. Normalised earnings growth resumes from FY28 as the full fee base is restored.

New Product Launches

Gold & Precious Metals LIC
L1G intends to wrap up the existing Gold & Precious Metals Fund ($479m FUM at December 2025) into a closed-end listed investment company via IPO, which we expect to be finalised in 1H FY27. The LIC is expected to raise approximately $350m in new capital, supplemented by $150m in rollovers from existing affiliate investors, resulting in starting FUM of approximately $500m. The structure will carry a 1.40% annual management fee and a 20% performance fee, with no Z Class arrangement and no ongoing net flows given its closed-end nature. We estimate the Gold LIC will contribute approximately $3.6m in management fees and $3.1m in performance fees in FY27, scaling modestly with market appreciation and alpha thereafter.

New Strategy
We also model the launch of an additional strategy in 1H FY27 with starting FUM of $500m. This fund carries a 1.00% annual management fee and a 20% performance fee, with no Z Class structure applied. Unlike the Gold LIC, the new strategy is open-ended with net flows modelled at approximately 1% of opening FUM per half-year. We estimate FY27 fee revenue of approximately $7.3m ($3.6m management fees, $3.7m performance fees). Combined with the Gold LIC, the two new products add approximately $1.0bn in FUM and $14m in annual fee revenue from FY27, diversifying the group's product suite and providing incremental earnings growth independent of the flagship long/short strategies.

Figure 5: New product launch assumptions and estimated FY27 fee contribution.

	Gold & Precious Metals	New Strategy
Expected launch	1H FY27	1H FY27
Starting FUM ($m)	$500	$500
Capital source	$350m IPO + $150m rollover	Seed / institutional
Structure	Closed-end LIC	Open-ended fund
Management fee (p.a.)	1.40%	1.00%
Performance fee	20%	20%
Z Class structure	No	No
Net flows	N/A (closed-end)	~1% per half
FY27e mgmt fee revenue ($m)	~$3.6	~$3.6
FY27e perf fee revenue ($m)	~$3.1	~$3.7

Net Impact on Valuation

The higher FUM base, stronger earnings trajectory, and materially larger equity bridge ($530m vs $122m) more than offset the headwind from lower base-case alpha assumptions. Our DCF yields a blended fair value today of $1.30 per share (Gordon Growth $1.17; Exit Multiple $1.44). Rolling these valuations forward 12 months at our cost of equity yields a blended fair value of $1.42 per share (Gordon Growth $1.27; Exit Multiple $1.57). Our trading comparables methodology yields $1.31 per share at 14.0x FY27 forward EV/EBITDA.

We set our price target at $1.35 (50% blended forward DCF fair value; 50% multiples-based fair value). Our trading comparables methodology applies a 14.0x forward EV/EBITDA multiple to FY27 EBITDA of $202m. We use FY27 as our EBITDA base rather than FY26 for two reasons: FY26 is inflated by the $61m one-off Gold Fund crystallisation, making it an unreliable anchor for sustainable earnings multiple, while FY27, although depressed by the GLS fee holiday through 1H better represents the recurring fee base from which normalised earnings growth resumes. A 14.0x multiple is above the peer median of 8.4x. We believe a premium is warranted on three grounds: L1G's platform model (multi-strategy, multi-geography) is structurally more comparable to Pinnacle (20.7x forward) than to single-strategy managers like MFG or GQG trading at 6-9x; the margin profile is superior, with FY28 EBITDA margins of 68% versus the peer average in the mid-30s; and FY28 EBITDA growth of approximately 14% materially exceeds the peer group as the full fee base is restored and FUM-driven revenue scales.

Figure 6: Projected Free Cash Flows DCF valuation: underlying income statement and unlevered free cash flow projections, FY27e-FY33e ($m). Source: Evolution Capital estimates.

DCF Valuation ($m)	FY26e*	FY27e	FY28e	FY29e	FY30e	FY31e	FY32e	FY33e
Income Statement								
Underlying Revenue	168.5	308.3	340.9	369.8	401.9	429.7	462.0	496.8
Operating Expenses	-58.0	-106.3	-110.2	-119.8	-130.0	-141.0	-153.0	-166.1
Underlying EBITDA	**110.4**	**202.0**	**230.6**	**250.0**	**272.0**	**288.7**	**308.9**	**330.6**
EBITDA Margin (%)	65.5%	65.5%	67.7%	67.6%	67.7%	67.2%	66.9%	66.6%
D&A + Amortisation	-4.1	-8.2	-8.2	-8.2	-8.2	-8.2	-8.2	-8.2
Tax (30%)	-31.9	-58.1	-66.7	-72.6	-79.1	-84.1	-90.2	-96.7
NOPAT	**74.4**	**135.7**	**155.7**	**169.3**	**184.6**	**196.3**	**210.5**	**225.7**
Unlevered Free Cash Flow								
+ D&A & Amortisation	4.1	8.2	8.2	8.2	8.2	8.2	8.2	8.2
– Capex	-1.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
– ΔNWC	7.0	0.2	1.0	0.4	0.3	0.1	0.0	-0.2
Unlevered FCF	**84.5**	**142.1**	**162.9**	**175.9**	**191.1**	**202.6**	**216.7**	**231.7**
PV of UFCF	**80.3**	**124.5**	**129.3**	**126.0**	**123.6**	**118.2**	**114.1**	**110.1**

**FY26e represents 2H FY26 only (2H forecast period; 1H FY26 is actual).*

Figure 7: DCF valuation summary: enterprise value, equity bridge adjustments, and implied fair value per share ($m).

Valuation Summary	$m
Sum of PV(UFCF)	979.6
PV of Terminal Value (Gordon Growth)	1,495.2
PV of Terminal Value (Exit Multiple)	2,181.8
Enterprise Value	
EV (Gordon Growth)	**2,474.8**
EV (Exit Multiple)	**3,161.4**
Equity Bridge Adjustments	
(+) Net Cash	249.5
(+) Investments in Associates	219.3
(+) Financial Assets	79.0
(–) Lease Liabilities	(18.1)
Total Bridge Adjustments	**529.7**
Implied Fair Value	
Equity Value (Gordon Growth)	**3,004.5**
Equity Value (Exit Multiple)	**3,691.1**
Diluted Shares Outstanding (m)	2,566
Fair Value / Share (GG)	$1.17
Fair Value / Share (EM)	$1.44
Blended Fair Value (50/50)	**$1.30**

Figure 8: Forward DCF valuation summary: EVs adjusted by (1+WACC) roll-forward factor to determine 12mth Price Target.

12mth Forward Valuation	$m
Enterprise Value	
EV (Gordon Growth; forward)	**2,742.0**
EV (Exit Multiple)	**3,502.8**
Implied Fair Value	
Equity Value (Gordon Growth)	**3,271.7**
Equity Value (Exit Multiple)	**4,032.5**
Diluted Shares Outstanding (m)	2,566
Fair Value / Share (GG)	**$1.27**
Fair Value / Share (EM)	**$1.57**
Blended Fair Value (50/50)	**$1.42**

Figure 9: Summary of key model assumption changes: initiation vs. updated estimates.

Variable	Initiation	Updated	Rationale
Discount Rate & Terminal Value			
WACC	10.75%	10.80%	*Higher Rf (4.8% vs 3.75%), lower beta (1.2x vs 1.15x), lower ERP (5.0% vs 6.0%)*
Exit EV/EBITDA multiple	10.0x	14.0x	*Premium for platform model, margin profile, growth trajectory*
Long-term growth rate	3.0%	3.5%	*Revised up; consistent with nominal GDP and FUM tailwinds*
FUM Assumptions			
LSF starting FUM ($m)	~5,000	7,530	*1H FY26 actual; perf-driven growth exceeded expectations*
GLSF starting FUM ($m)	~75	2,480	*Rapid scale post-launch (vs $199m FY26e at initiation)*
LSF net flow FUM cap ($m)	6,500	10,000	*Raised capacity ceiling; actual FUM already ~$8.1bn*
PTM starting FUM ($m)	~7,900	3,437	*Reflects transfers to L1 Intl + organic outflows*
Cum. PTM outflows Pre-Stabilisation ($m)	2,750	2,350	*Post-merger outflows moderating*
PTM stabilisation	FY29	~2H FY28	*1% net inflows modelled from FY29*
Market Return (per half)	~4.5%	2.75%	*Revised slightly down; net of assumed fund distributions*
Alpha Assumptions (annualised)			
LSF alpha	6.0%	3.0%	*Reduced; base case conservatism over forecast*
GLSF alpha	3.0%	3.0%	*Unchanged*
L1 International alpha	3.0%	3.0%	*Unchanged*
Platinum alpha	0.0%	0.0%	*Unchanged; no alpha during turnaround*
Operating Expenses			
Cost synergies ($m)	~$20m	$30–35m	*Company upgraded guidance to top of range*
FY26e opex ($m)	~$124m	$108m	*Faster synergy realisation; incl. $10m restructuring*
FY27e opex ($m)	~$115m	$106m	*$5m residual restructuring; ~$101m clean run-rate*
Balance Sheet			
Net cash ($m)	$122m	$250m	*Cash acquired via merger + strong operating CF*
Seed / co-investments ($m)	n/a	$299m	*Associates $219m + financial assets $79m*
Equity bridge adjustment ($m)	$122m	$530m	*Cash + associates + fin. assets – leases*
Performance Fee Timing (FY26-specific)			
2H FY26 LSF/GLSF in-perim. fees	$35m	$0	*Full CY25 Z Class entitlement recognised in 1H*
FY26e in-perimeter perf fees	$98m	$115m	*Incl. $61m Gold Fund crystallisation (one-off)*
GLS LIC management fee holiday	n/a	12 months	*No mgmt fees on ~$1bn GLS FUM from Nov-25*
Key Model Outputs			
FY26e underlying revenue ($m)	$231m	$314m	*+36%; Gold Fund crystallisation + higher FUM base*
FY26e underlying EBITDA ($m)	$115m	$205m	*+78%; revenue uplift + synergy-led cost savings*
FY26e diluted EPS (cps)	4.4c	5.5c	*NPAT $140m vs $77m on larger share base*
FY27e underlying EBITDA ($m)	n/a	$202m	*Trough year; crystallisation laps + GLS fee holiday*
Price target ($/sh)	**$0.92**	**$1.37**	***50/50 DCF/multiples blend, rolled forward 12mths***

Appendix

Key Risks

Investment Performance Risk. L1G's revenue is highly sensitive to fund performance through two channels: performance fees (direct) and FUM growth via net inflows (indirect). A sustained period of underperformance – particularly in LSF, which represents ~44% of group FUM – would compress both revenue lines simultaneously. The Z Class structure amplifies this sensitivity, as L1G's in-perimeter entitlement is capped at the first 3.5% of returns, meaning even moderate underperformance eliminates performance fee income entirely.

FUM Concentration & Key Person Risk. The L1 Long Short Fund and GLSF account for over half of group FUM and a disproportionate share of earnings, with both strategies managed by a small investment team led by Mark Landau and Rafi Lamm. The departure of either founder, or a material deterioration in the LSF track record, would likely trigger accelerated redemptions across L1-branded strategies and impair the group's ability to attract new capital.

Platinum Integration & Outflow Risk. Platinum FUM has declined from $7.9bn at FY25 close to $3.4bn (adjusted for transfers), and while outflows are moderating, stabilisation is not yet assured. A failure to arrest redemptions – or a loss of key Platinum investment personnel during the transition – could result in Platinum FUM declining below the level at which the strategy contributes meaningfully to group earnings, stranding the associated cost base.

Market & Beta Risk. As a listed asset manager, L1G carries inherent exposure to equity market drawdowns. A material correction in Australian or global equities would reduce FUM through mark-to-market losses, compress management fee income, eliminate performance fees, and reduce the carrying value of the group's $299m in balance sheet co-investments. The leverage to market beta is meaningful: we estimate a 10% market decline would reduce FUM by approximately $1.5-1.8bn and annual management fee revenue by $17-20m.

Synergy Delivery Risk. While $24.8m of annualised synergies have been realised and the company has upgraded its target to $30-35m, the residual savings require further headcount rationalisation and systems integration. Execution risk remains, particularly around retaining key operational and investment staff through the integration period while simultaneously reducing the cost base.

Fee Pressure & Structural Industry Risk. The Australian funds management industry continues to face secular pressure on fees from passive alternatives, industry fund internalisation, and regulatory scrutiny. L1G's premium fee structure (1.4% management fee plus 20% performance fee on flagship strategies) is sustainable only while performance remains strong. A normalisation of returns toward benchmark levels would expose the group to fee compression and net outflow risk, particularly in the institutional channel.

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative ('Spec'):** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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