

System Capital Long Short Fund Class A



Quarterly Report

June 2025

The investment team is very pleased to present our June 2025 newsletter. Comments and suggestions are highly welcome.

Please note the performance data reflects the returns of System Capital Class A units (inception date 4th Feb 2025). Performance data for the System Capital strategy (inception date 26th October 2022) is available on our website at systemcapital.com.au

FUND PERFORMANCE OVERVIEW – Class A

The fund returned 6.01% for the quarter. The quarter saw significant volatility in equity markets. Tariffs, a new US spending bill, a Middle East conflict and slowing global growth all contributed to a more complicated macro picture. We are focussed on making sure our company cashflows and valuations appropriately reflect the changing macro environment and that we continue to only invest in those businesses that are strengthening their competitive positions on a 5-year view.

Position Type	June 25
Short Positions	17
Long Positions	37
Index Positions	4
Total Positions	58

Region	Gross Long (%)	Gross Short (%)	Net Long (%)
Europe	64	-20	44
North America	41	-19	21
Asia	3	0	3
Australia/NZ	18	-5	13
Total	126	-45	81

	Month (%)	3M (%)	FYTD (%)	1 Year (%)	2 Year p.a.	Since Inception p.a.
System Capital Long Short Fund Class A	0.60	6.01	-	-	-	-

Data Source: Fidante Partners Limited, 30 June 2025. Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.

The Inception date for Class A is 4 February 2025.

SIGNIFICANT CONTRIBUTORS FOR THE QUARTER INCLUDED:

- **Flutter (Gaming):** Shares rose 21% due to operator friendly sports results and lower than expected tax increases in several US states. We are watching these developments closely as several states have live processes to review tax rates.
- **Schibsted (Classifieds):** Shares rose 21% (total return 26% including dividends) as 1Q results came in above expectations. The strong earnings result was driven by growth in the real estate vertical (combination of higher listings and price) and effective cost control. Additionally, the company indicated it will divest non-core businesses over a faster timeframe than expected. Lastly, strong capital returns continued with a special dividend of NOK500m and tender offer to buy back 6% of its outstanding shares, using proceeds received from its Adevinta investment associate.
- **Basic-Fit (Consumer):** Shares increased 37% following a strong 1Q 2025 trading update. The company has moved to slow its new gym rollout from ~200 p.a. to 100 p.a. which has freed up financial capacity to reduce leverage and undertake a maiden €40m share buyback. We discuss our Basic Fit investment in further detail later in the quarterly.

DETRACTORS FOR THE QUARTER INCLUDED:

- **Hemnet (Classifieds):** Shares declined 21% due to: 1) a small miss on average revenue per listing growth expectations in Q1 2025 2) news reports speculating that the FMI (Swedish Estate Agents Inspectorate) and SCA (Swedish Competition Authority) could review Hemnet's agent compensation model, where Hemnet sends a portion of its listing fee to agents. As with all regulatory risk, we are watching developments closely.
- **Tradeweb (Digital Infrastructure):** Shares declined 6% in Q2 due to concerns that excess volatility brought about by recent tariff announcements could cause fixed income investors to reduce trading volumes. We have observed that dealers have leaned into markets over the last couple of months, while institutional clients continue to use automated execution to a large degree.

QUARTERLY MACRO VIEW

THE ONE BIG BEAUTIFUL BILL

On July 4, 2025, US President Donald Trump's budget bill the "One Big Beautiful Bill Act" (OBBA) became law. As we have discussed in our previous quarterlies, the Bill expands government spending, helping growth in the short term but risking higher deficits and interest rates in the medium term. Below we have highlighted the winners from the Bill as well as those industries/programs that were adversely impacted.

Winners – Higher Income Households

Extension of 2017 Trump tax cuts: During his first term, Trump had signed the Tax Cuts and Jobs Act, which lowered taxes for corporations and individuals across most income brackets. Key provisions of that law were set to expire in December, but the bill makes those tax cuts permanent.

Increasing state and local tax deduction (SALT): The bill also increases the deduction limit for state and local taxes (SALT). There is currently a \$10,000 cap on how much taxpayers can deduct from the amount they owe in federal taxes. The bill raises it from \$10,000 to \$40,000 - but after five years, it would return to \$10,000. The Tax Foundation expects the SALT deduction change to primarily benefit higher income households who can use the deduction to offset rising local taxes.

No tax on overtime or tips: The bill allows individuals to deduct a certain amount of tip wages and overtime from their taxes.

These income related tax changes may have an impact on discretionary spending with the Joint Committee on Taxation forecasting roughly 60% of the savings will flow to the top 10% of earners.

Winners – US Corporates

Bonus depreciation: Full expensing (100% bonus depreciation) for certain business investments is restored and made permanent – a tailwind for firms with large capital expenditure spending.

Interest deduction: The bill restores higher limits on business interest deductions (based on EBITDA rather than EBIT).

Exemption from global minimum taxes: The original draft of the OBBA included a tax on multinational corporations (MNC) based in countries applying discriminatory taxes on US based Multinational Companies MNCs. This section was excluded from the final bill, however due to concurrent global negotiations, US MNCs are now excluded from Pillar 2 global minimum taxes. Depending on local legislative implementation, this may lower global tax rates for US MNCs.

Adversely Impacted: Clean Energy and Government Program Recipients

Changes to Medicaid and food programs: The bill includes changes to Medicaid eligibility, coverage and funding. Eligibility changes include requirements that able-bodied adults with children aged 15 and over would need to work or volunteer at least 80 hours a month with a corresponding increase in the rate of testing. Whilst this may be a headwind to patient volumes, the changes may be a tailwind for verification providers. The bill also makes changes to the Supplemental Nutrition Assistance Program

(SNAP), which is used by over 40 million low-income Americans. These include eligibility changes, increased state funding and stricter benefit calculations.

Changes to clean energy incentives: The bill reduces tax incentives for clean energy projects. In the new bill, tax credits for wind and solar projects phase out much sooner. To qualify, these projects must either be completed by the end of 2027 or begin construction within the next 12 months – potentially impacting development timelines. Tax incentives for electric vehicles will be eliminated after September. Battery manufacturers have access to tax credits until 2033 but will be required to comply with new rules requiring a higher level of US-made content to qualify for credits. Due to our focus on the power and energy industry we are closely following these tax changes.

TARIFFS

The following is a high-level summary of various tariff announcements since “Liberation Day” on the 2nd of April 2025.

Date	Summary
2nd April	Trump unveiled a base tariff rate of 10% on most countries as well as additional reciprocal tariffs of up to 50%, although a 90-day pause was put in place for all but the base tariff rate. The 9th of July deadline was subsequently extended to 1st of August.
27th June	China and the US reached a preliminary deal to end weeks of escalating tit-for-tat tariffs. The deal included a resumption of Chinese exports of rare earths (used in everything from cars to jet fighters). The US subsequently lifted its export ban on American-made jet engine parts and technology to China and recently approved the export of Nvidia’s H20 GPUs (used to develop artificial intelligence).
9th July	President Trump released a letter on Truth Social announcing a 50 percent tariff on Brazilian imports starting August 1. His letter called the prosecution of conservative former President Jair Bolsonaro as a "Witch Hunt" and described the Brazilian Supreme Court’s regulation of U.S. social media platforms as censorship.
10th July	Trump announced a higher rate of 35% on Canada. That’s an increase from the current proposal of 25%, though goods compliant with USMCA are protected. In a letter, Trump cited the fentanyl crisis and trade barriers erected by Canada as reasons for the revised tariff.
12th July	Trump sent a letter to Mexican President Claudia Sheinbaum announcing a 30% rate, an increase from the proposed 25% rate. Like with Canada, USMCA-complaint goods are thus far exempt.
18th July	Trump is pushing for a minimum tariff of 15-20% on EU goods even if a trade deal is reached by the 1st of August deadline. This compares to the 30% tariff (10% universal tariff plus 20% reciprocal tariff) the US said it would impose on EU goods if a deal is not reached in time.
April - July	The administration has warned 25 trading partners that if they do not reach deals by the 1st of August, they will face higher tariffs on American imports.

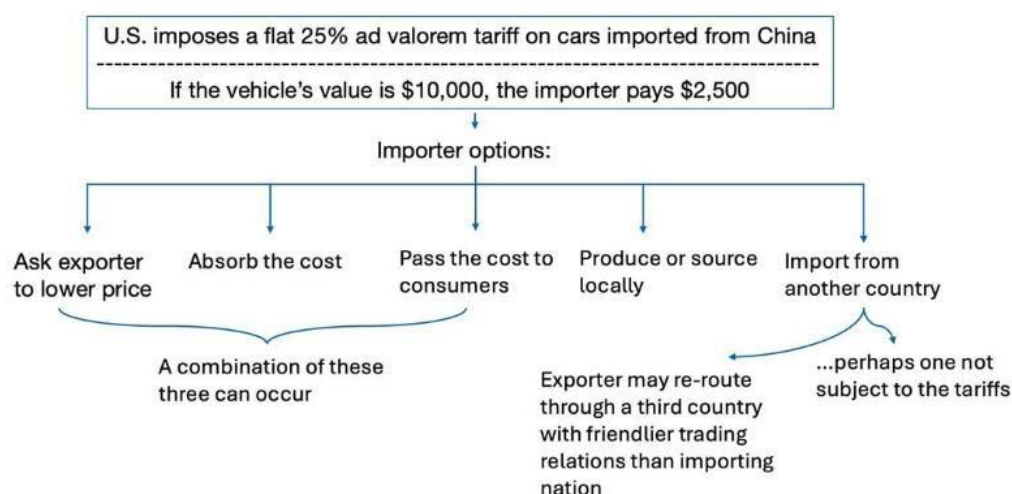
Current market expectations are that total tariffs on US imports will settle between 14-17%: somewhere between 10-30% on China, 10% "reciprocal" tariffs on the rest of the world, and some sectoral tariffs. There is a risk of complacency in the current market view which we are watching closely.

INFLATION/INTEREST RATES

Consumer prices rose 2.7% annually in June. Core inflation (excluding food and energy) ticked up slightly to 2.9%, in line with expectations. According to the June 2025 Federal Open Market Committee (FOMC) minutes released on the 9th of July, the committee members expressed concerns that tariffs could become a persistent factor for future inflation. The minutes showed that all members agreed it was appropriate to keep the benchmark interest rate at its current level. Members stated, "Tariffs pose a persistent risk for driving up prices,".

Notably, the cost of tariffs doesn't appear to be falling entirely on importers. For example, import prices for non-fuel items rose just 1.7% as of May. That is low considering that the average effective tariff rate is 15.8%. This means, the remaining cost burden is likely being distributed across the supply chain (see chart below).

The Cost of a Tariff Can be Spread Across Multiple Vectors



Source: Adapted from the FT

Note: The duty is not directly applied to the country or company doing the exporting. Instead, it falls on the importer to pay the levy to the relevant customs authority for each item.

The prospect of higher tariffs imposed on countries unable to finalise trade deals with the US in the coming weeks could lead to future inflation as noted in the FOMC minutes.

President Trump continues to exert significant pressure on the Federal Reserve to aggressively lower interest rates. He has publicly suggested rates should be reduced to around 1%, arguing it would reduce federal borrowing costs and boost economic growth and has been highly critical of Federal Reserve Chair Jerome Powell, at times hinting at the possibility of firing him.

STOCK REVIEWS

BASIC-FIT (BFIT)

ABOUT THE COMPANY

Basic-Fit is Europe's largest and fastest-growing value-for-money fitness chain, with number one positions across France, Netherlands, Belgium, Luxembourg, and Spain. The company focuses on affordable gym memberships (€20-€35 per month) with high-quality equipment, digital integration, and flexible terms, targeting broad accessibility.

WHAT ATTRACTED US TO IT

System Capital has held Basic Fit since the inception of the strategy in October 2022.

Our investment thesis is based on the high free cash flow yield of the existing mature gyms and the high return on capital (ROIC) from new gym openings. Importantly, we also believed the business would become structurally stronger over time as gyms are added to each area (clustering strategy), increasing convenience and deterring new entrants. Finally, we believed the low price point (starting at €20 p.m.) delivered compelling value to the customer, leading to market share gains versus mid-market gyms and latent pricing power over time. We expand on these points below.

Significant runway for European gym membership: Membership penetration in Basic-Fit's core markets remain well below the US. The US has approximately 22% gym population penetration versus an average of 12% in Basic-Fit's core markets.

Market share opportunity from mid-market operators: The superior value proposition of value gyms (€25 p.m. vs €45 p.m.+ for a mid-tier gym) has resulted in value fitness operators capturing most of the growth in new members. Between 2012-2019, 82% of all gym membership net joiners joined value gyms.

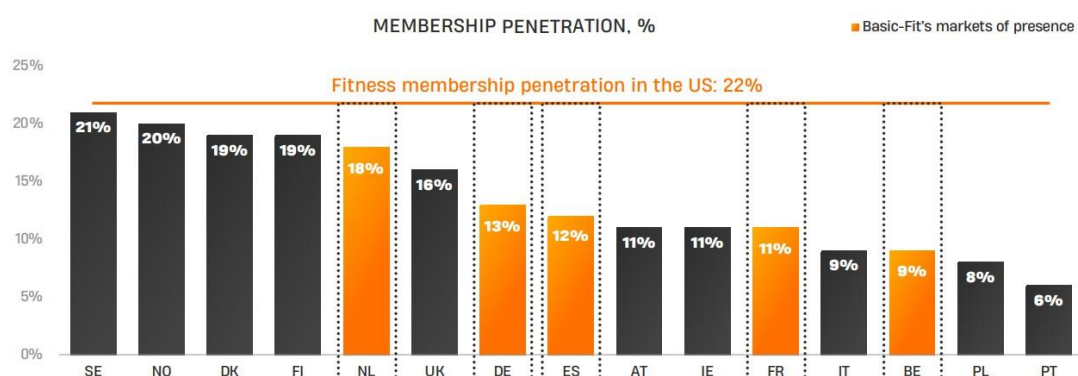
Strong standalone unit economics: A new Basic-Fit gym location requires ~€1.2m of upfront investment to roll out. At maturity, which typically takes two years, these clubs achieve €400K in club level EBITDA. This equates to a ROIC of more than 30%.

Clustering strategy reinforces network effects: A 'clustered' gym network allows members to use multiple locations, with gyms located close to offices and homes. Multiple locations within a relatively small radius also makes it difficult for new entrants to prise members off the existing network and reach the required membership scale for profitability.

Compelling Valuation based on mature store network economics: Basic-Fit's existing network consists of 1,620 gyms (990 mature and 630 immature). Assuming each of the immature gyms attain mature economics, we estimate Revenue, Club EBITDA, Group EBITDA (post overheads of €150m) and Free Cash Flow for the company of €1.5bn, €650m, €500m and €300m respectively. This puts the current valuation at 5.7X free cash flow (and ignores the continued growth of the network).

EUROPEAN FITNESS MARKETS FAR FROM MATURE

PROVIDING ACCESS TO HIGH VALUE & LOW-PRICE FITNESS WILL DRIVE 50-100% MEMBERSHIP GROWTH IN IMMATURE MARKETS



HOW ITS PLAYED OUT – A BUMPY ROAD

Basic Fit fits into our hidden value/special situations framework. We saw a clear catalyst to unlock strong free cashflow growth as the business emerged from Covid effects together with a structurally strengthening business profile. We believed we could achieve a 20%+ IRR from the investment, which is what we target for special situations.

Unfortunately, 2023 and 2024 saw significant headwinds which hid some of the structural growth of the business. We also underestimated how long some of the gym openings from the covid period (2020-2022) would take to reach maturity, impacting the 30% ROIC target for new store openings.

WHAT WE GOT RIGHT: CLUB EXPANSION AND PRICING GROWTH

Club Expansion: A core focus has been on network expansion. By the end of 2025 Basic Fit will have close to 1,700 club locations, compared to 1,200 at the end of 2022.

Revenue and Membership Growth: Club memberships have grown from 3.35m in 2022 to a forecast 4.6m by the end of 2025 (+37%) while revenue has grown from €795m in 2022 to a forecast €1.39bn in 2025 (+75%).

Price increases and introduction of New Membership Tiers: Average prices have shifted from €22.9 p.m. in 2022 to an expected €25.5 in 2025 (+12%).

WHAT WE GOT WRONG: COST GROWTH AND COVID EFFECTS

High labour and energy costs through 2023 and into 2024: With the outbreak of the Ukraine war in 2022, electricity and gas prices rose dramatically. This together with high wage/rent costs significantly impacted the cashflows of the mature network and made new gyms harder to scale.

Lower profitability of 2020/2021/2022 new gym vintages: Throughout COVID there were various lockdowns and enforced gyms closures in Basic-Fit's core markets. Even when gyms were re-opened, safety measures and health concerns made members hesitant to return. As a result, the 433 clubs opened during 2020-2022 missed out on the typical growth new gyms experience in the first two years, impacting membership.

Throughout 2023 and 2024, we have engaged with management, competitors and consultants to attempt to better understand the cyclical vs structural elements of the gym business and re-underwrite our investment. Ultimately, we decided that the shares presented compelling value and increased our holding at around €20 per share.

WHAT WE ARE LOOKING FOR TODAY

The company currently trades on an FY25 EV/EBITDA multiple of 6.5x. This valuation compares to Planet Fitness (closest global gym comparable) on 20x FY25 EV/EBITDA. We believe this valuation does not adequately reflect the growth of future earnings in the business both from the maturing of the existing club network (~630 immature clubs) and the continued growth in the network through the ongoing rollout effort. We forecast EBITDA to grow approximately 12.3% p.a. between FY25-FY30.

Given the depressed share price coming into 2025, the company has chosen to slow down its new gym roll out (180-200 to 100 gyms p.a.) and start a share buyback. We have been strongly supportive of the buyback program given we believe it allows Basic Fit to buy back the existing mature gym network at above 25%+ IRRs, which is compelling even relative to the economics of new openings.

Importantly the business continues to invest in strengthening its structural advantage. Last quarter, Basic-Fit announced a significant investment in its member experience, increasing the number of clubs open 24/7 and extending opening hours for many others. This initiative will increase costs in the short term (particularly in France) but should be offset by membership growth and pricing power over time. The company also announced it is exploring a franchise model (all gyms are currently company owned). This move aims to facilitate cost-effective international expansion into new countries by partnering with independent operators. We believe this has potential to significantly affect the economics of the business over time by adding a new asset light earnings stream.

PAYMENT INDUSTRY PRIMER

UNDERSTANDING STABLECOINS AND OTHER NEW PAYMENT METHODS

Our investment team has followed the payments industry for over 20 years. Our payments coverage extends from credit card issuers to card networks to payments processors to a range of payment enabled e-commerce and fintech businesses and our work involves constantly analysing innovation in the payments industry. The last decade saw the proliferation of Apple Pay, Google Pay, digital wallets and real time payment schemes. This year has seen a move towards the adoption of stablecoins and the use of distributed ledgers for payment transactions.

In this primer we share our thoughts on what stablecoins may mean for payments as well as our thoughts on the broader payment ecosystem. To understand this better, it is useful to briefly examine the payments ecosystem today and what drives its current success.

Payments Today- all about card networks

Today, Visa and Mastercard are the main lynchpins of most global non-cash payments (ex-China). While the consumer experience with the card networks constitutes a simple tap on a card reader or the click of a button on a website, behind the scenes, the card networks orchestrate a sophisticated process to keep over \$20 trillion of commerce flowing each year. Card networks route your card information from the merchant to your bank, enable authorisation and then organise clearing and settlement between all the parties. As part of this payments flow, the card networks guarantee payment to all parties, set fees and incentives, and provide consumer protections such as chargebacks and fraud protection.

The card networks have been successful not only due to their global scale and efficient transaction speeds, but because they provide value to all participants in the value chain.

Consumers receive the ability to buy instantly with rewards and protections, issuing banks receive revenue for creating customers and issuing credit, and merchants pay a merchant discount rate that compares favourably to the costs of carrying cash and issuing merchant credit.

As a result, any potential competing payment networks need to offer not only an efficient mechanism for transferring money from one account to another (many bank-to-bank transfer networks already offer this service for almost no cost), but an attractive ecosystem where all players in the ecosystem are incentivised to move volumes onto that network.

Ecosystem Risks – Emergence of Stablecoins

The passing of the *GENIUS Act* and the rapid growth of stablecoins has created an ecosystem that allows consumers to own a stablecoin and make payments and transfers via a distributed ledger, all while avoiding traditional bank accounts and payments systems such as the card networks.

On the face of it, this presents risks to continued growth in volumes transacted via the card networks. We therefore need to examine how stablecoins work, their potential features and how they are positioned compared to traditional alternatives.

Digital Assets and Distributed Ledgers

Stablecoins are digital assets recorded on a distributed ledger. Historically other digital assets recorded on a distributed ledger (e.g. Bitcoin) have had certain fundamental problems that precluded their use as an at scale payments mechanism. These include low speed, high cost and the extreme volatility of the asset being transferred.

Since the emergence of bitcoin, there has been continual work to improve the distributed ledger technology's suitability for at scale payments. However, these innovations need to manage the dynamic where any speed improvements and transaction cost reductions can end up reducing the security of the distributed ledger and/or reducing decentralisation.

As a result, a distributed ledger can be built to optimise for transaction speed and low cost, offering an alternative to the card networks and other existing payment mechanisms. However, in doing so such ledgers compromise on decentralisation (i.e. will be controlled by either one party or a small group of parties), making them functionally closer to the centralised networks that exist today.

Stablecoins aim to fix the volatility problem of digital assets by being explicitly pegged to a certain asset. In the current US regulatory structure, stablecoins are backed by short term US currency equivalents. Other jurisdictions are in different stages of regulatory undertakings regarding stablecoins, however we will focus on the US ecosystem.

As the industry is in its nascent stages, there are multiple stablecoins already being offered by an assortment of issuers. These include Circle (USDC), Tether (USDT), Paxos (USDG), PayPal (PYUSD) and Fiserv (FIUSD).

Buying a Stablecoin Today

A consumer wishing to buy a stablecoin today has numerous choices. Whilst choice is usually an attractive feature for a consumer, having too many fragmented stablecoins introduces friction into the transaction mechanism – a recipient may hold a coin that is not accepted by a particular merchant. Over time stablecoins may coalesce around one standard coin, however currently there are many coins (Fiserv and PayPal are currently working on making their FIUSD and PYUSD coins interoperable).

Upon deciding which stablecoin to 'purchase' the consumer must then transfer USD to the issuer directly or via an intermediary – a phase called the 'on-ramp'. **This on-ramp is funded through a bank transfer or a card network transfer.** The consumer will then be issued their stablecoin on the distributed ledger of their choice (e.g. USDC can currently be held on 23 different ledgers). The fee schedule for any subsequent transactions usually includes network fees associated with the distributed ledger and potentially service fees from the digital wallet operator.

Different combinations of ledgers and stablecoins have a wide range of transaction fees and speeds. However, there are some combinations that provide near instant transactions at minimal costs – such as a USDC coin held in a Coinbase wallet transferred on the Base ledger. Stripe (a leader in crypto payments) has moved from briefly offering bitcoin-based payments to now offering crypto payments through stablecoins and high-speed ledgers. We believe Stripe and the merchant ecosystem are still early in managing the product market fit of the offering.

What is the Attraction for the Issuer?

The proliferation of stablecoins is understandable given the attractive economics for the stablecoin issuer as *they are restricted from paying interest on any deposits and therefore keep all interest earned on reserve assets*. This is the framework based on the *GENIUS Act*, however stablecoin issuers in other jurisdiction or issuers regulated under different legislation may have more flexibility in paying interest. **Circle, in its recent IPO filing, shows effectively all revenue for the company coming from interest on reserves.** However, Circle also has a significant distribution expense due to incentivising stablecoin uptake through distributors (i.e exchanges). As more stablecoins are issued, these distribution and incentive costs will be a key economic factor for issuer profitability.

Incentives for Consumers

The incentive for a consumer who has access to an interest paying, government guaranteed USD bank account, to instead use a stablecoin, seems limited. From a domestic perspective, transfers are already free and instant, with the card networks providing ubiquity, rewards and fraud protection. This makes the uptake of stablecoin payments through alternative ledgers difficult, despite their ability to potentially offer 24/7 transactions and lower costs. Stripe's merchant fees of 1.5% for stablecoin purchase would in many cases still be higher than the merchant fees for accepting traditional debit payments in the US. Shopify, who has recently partnered with Stripe to launch stablecoin acceptance for their merchant customers, has attempted to incentivise uptake by offering up to a 0.5% rebate to merchants and potential incentives to consumers for using the service.

One advantage of holding assets in a stablecoin is that it can allow consumers access to decentralised finance (DeFi). Accessing DeFi can give consumers access to higher yielding lending pools. While this may be attractive for a certain subset of the population, the risks of DeFi (such as platform failures and liquidity risks) would make it unlikely to be of interest to most of the population and likely to be regulated over time.

Therefore, the key cohort for stablecoin holders are consumers who don't have access to USD bank accounts. The vibrant and well-penetrated digital wallet ecosystem in the US means that this cohort will mainly be consumers in emerging markets who do not want to hold their domestic currencies and find it costly and difficult to access banking services. For this customer subset, the two main chokepoints for cross border stablecoin transactions are the costs associated with the on-ramp and off-ramp from a non-USD currency to a USD stablecoin, as well as managing the interoperability costs of the different stablecoins. Continued innovation and changes regarding these chokepoints will be critical for the uptake of stablecoins as a payment mechanism; we are closely watching industry developments as they occur.

Visa and Mastercard have invested in the stablecoin and distributed ledger ecosystem and positioned themselves with offerings including on-ramp and off-ramp transactions, stablecoin settlement and card-linked stablecoin payments.

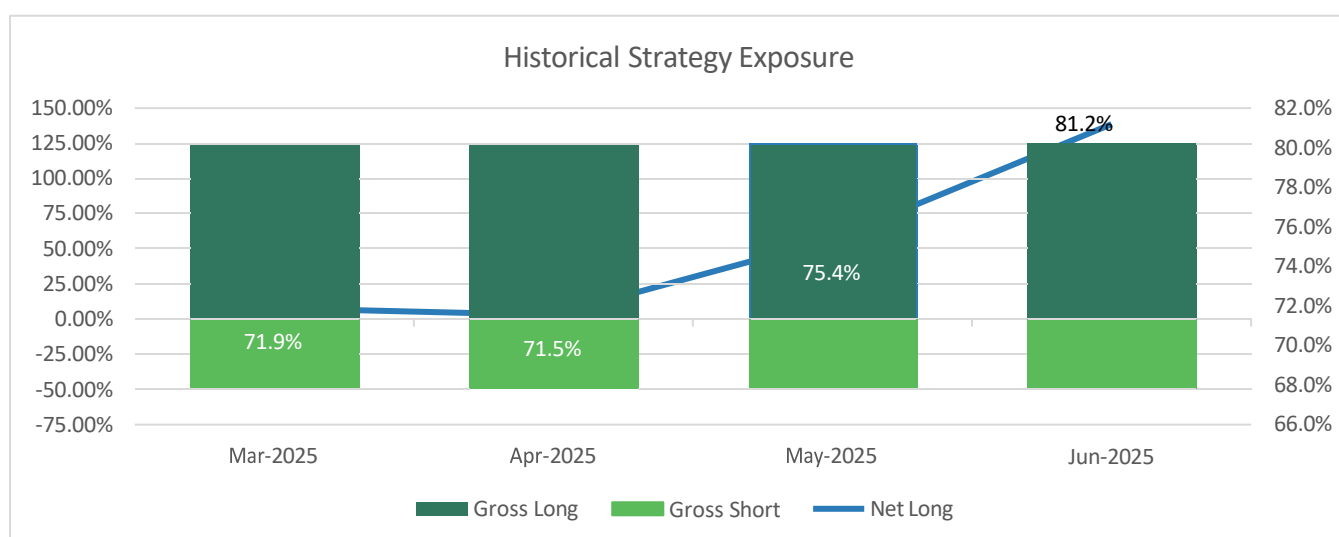
Summary

As part of the System Capital philosophy of analysing the ecosystem that surrounds the businesses we are invested in, we are always following developments in our focus industries. Whilst stablecoins and distributed ledgers may offer opportunities for innovation in certain use cases, their ability to scale and solve payment problems is still constrained by structural features that need further innovation.

System Capital believes the ecosystem will only change if the shared incentives for all key players are sufficient to prompt behavioural changes. The embedded benefits of the card networks lie in more than simply enabling transfers – the networks enable an ecosystem with substantial economic benefits to all players.

Amongst the potential improvements we are looking for are interoperability enhancements, on-ramp and off-ramp efficiency and an improvement in key consumer features such as rewards and fraud protections. We have and continue to closely follow the evolution of the stablecoin and distributed ledger ecosystem.

STRATEGY EXPOSURE



SECTOR AND GEOGRAPHIC EXPOSURE



PORTFOLIO TOP 10 ACTIVE STOCKS (ALPHABETICAL)

Issuer	Issuer Name
ADYEN NL	Adyen NV
CLNX ES	Cellnex Telecom SA
EFX US	Equifax Inc
FER ES	Ferrovial SE
FLTR GB	Flutter Entertainment PLC
MA US	Mastercard Inc
MSCI US	MSCI Inc
SAF FR	Safran SA
SCH NO	Schibsted ASA
TLC	The Lottery Corp Ltd

Important Information

This material has been prepared by System Capital Pty Ltd (ABN 14 657 739 323) (System), the investment manager of the System Capital Long Short Fund (ARSN 683 513 948) (Fund). System is a corporate authorised representative (No. 001309928) of Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante). Fidante is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. System and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, System and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.