System Capital Long Short Strategy

THE INVESTMENT TEAM IS VERY PLEASED TO PRESENT OUR JULY 2025 NEWSLETTER. COMMENTS AND SUGGESTIONS ARE HIGHLY WELCOME.

STRATEGY PERFORMANCE OVERVIEW

The strategy returned 0.8%, bringing 1-year performance to 22.8%. The portfolio benefited from solid early earnings results, with ongoing turbulence in the macro environment.

Position Type	Jul 25
Short Positions	19
Long Positions	39
Total Positions	**58**
Of which Index Positions	4

Region	Gross Long (%)	Gross Short (%)	Net Long (%)
Europe	69	-24	45
North America	42	-19	23
Asia	3	0	3
Australia/NZ	18	-5	13
Total	132	-48	84

	Month (%)	3M (%)	FYTD (%)	1 Year (%)	2 Year p.a.	Cumulative Since Inception	Since Inception p.a.
System Capital L/S	0.8	4.0	0.8	22.8	19.6	74.5	22.3
MSCI World AUD Hedged	2.1	12.1	2.1	14.3	16.3	60.7	18.7
Stoxx 600	1.0	4.5	1.0	8.2	10.5	44.6	14.3
ASX 200	2.4	8.2	2.4	11.8	12.7	42.2	13.6

Performance is in AUD (Hedged) and is before fees. Cumulative Returns and Annualised Returns from 26th Oct 2022 to 31st Jul 2025. Returns in AUD. Gross returns before management and performance fees. MSCI World 100% Hedged to AUD Index. ASX200 Accumulation Index Stoxx 600 Net Total Return.
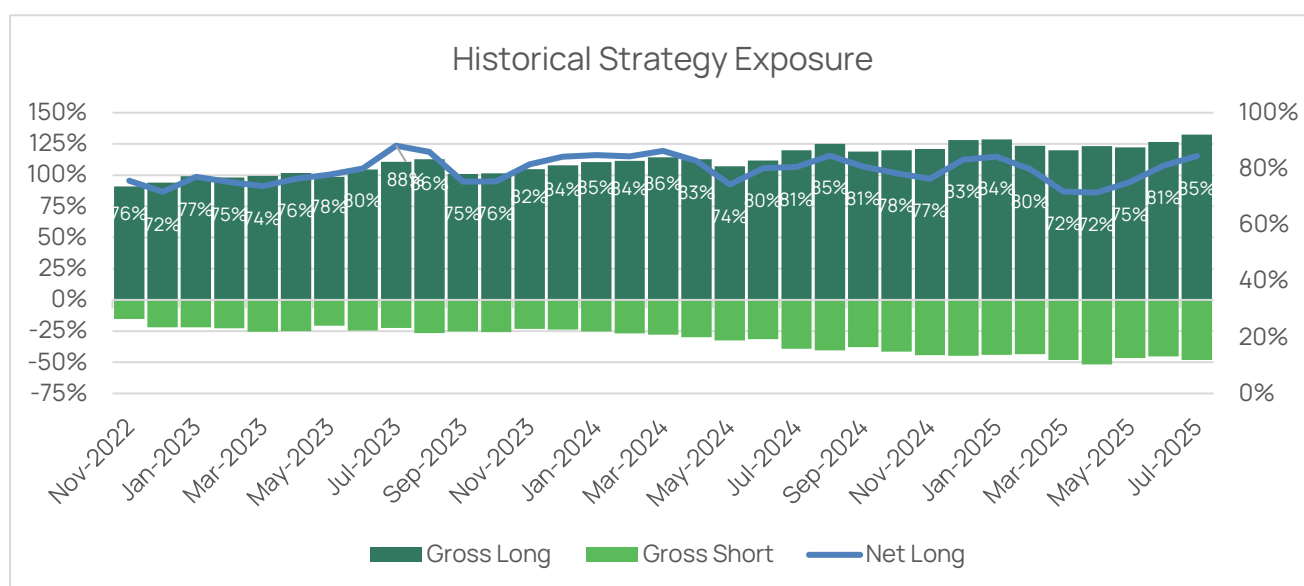
SIGNIFICANT CONTRIBUTORS FOR THE MONTH INCLUDED:

- **Schibsted (Classifieds):** Increased 16% due to a strong 2Q earnings report with revenue broadly in line with expectations but EBITDA strongly ahead mostly driven by cost efficiencies. During the month there was also news reports of further divestments (Spanish business) at investment associate, Adevinta which will likely result in further capital returns to Schibsted.
- **Flutter (Gaming):** Increased 12% due to operator friendly results in 2Q25, reversing the trend of the two previous quarters. Flutter also completed its acquisition of Boyd's 5% stake in FanDuel (its US OSB and iGaming business) taking Flutter's ownership to 100%. The deal included a reduction in market access fees for FanDuel.

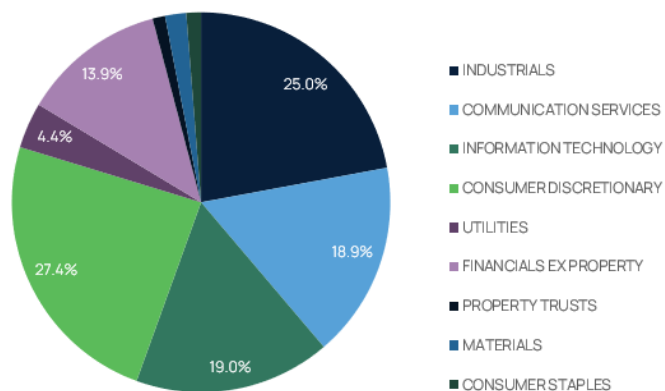## DETRACTORS FOR THE MONTH INCLUDED:

- **Fair Isaac (Financial Technology):** Fair Isaac decreased 13% after the FHFA director announced that Fannie and Freddie (GSEs) will be allowed to accept VantageScore 4.0 as a credit score for mortgage securitization. Before this policy change, the Classic FICO score was the only score accepted by the GSEs. This policy change moves towards a lenders choice model where the GSEs will accept one but not both scores. There are still numerous administrative, policy, economic and adverse selection challenges before VantageScore 4.0 is accepted into the GSE ecosystem. In all other lending markets where FICO competes with VantageScore (non-GSE mortgage, auto and credit cards) the FICO score is dominant due to the value of the score (history, predictiveness and liquidity) exceeding the price charged. As with all regulatory changes we are closely following all developments.
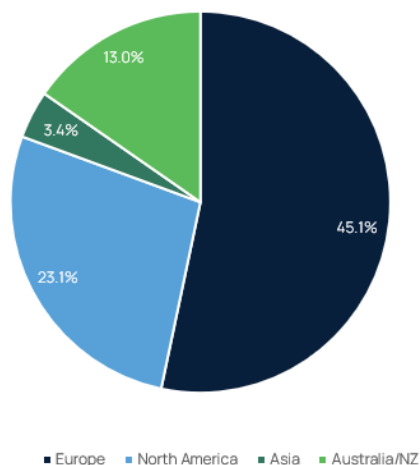
STRATEGY EXPOSURE

Historical Strategy Exposure. Bar chart showing Gross Long, Gross Short, and Net Long from Nov-2022 to Jul-2025. Net Long values: 76%, 72%, 77%, 75%, 74%, 76%, 78%, 80%, 88%, 86%, 75%, 76%, 82%, 84%, 85%, 84%, 86%, 83%, 74%, 80%, 81%, 85%, 81%, 78%, 77%, 83%, 84%, 80%, 72%, 72%, 75%, 81%, 85%.

SECTOR AND GEOGRAPHIC EXPOSURE

Net Sector Exposure

- INDUSTRIALS
- COMMUNICATION SERVICES
- INFORMATION TECHNOLOGY
- CONSUMER DISCRETIONARY
- UTILITIES
- FINANCIALS EX PROPERTY
- PROPERTY TRUSTS
- MATERIALS
- CONSUMER STAPLES

Net Geographic Exposure

- Europe
- North America
- Asia
- Australia/NZ

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

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Important Information

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