

# System Capital Long Short Fund Class A



Monthly Report

October 2025

The investment team is very pleased to present our October 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](http://systemcapital.com.au)

## FUND PERFORMANCE OVERVIEW – Class A

The fund declined 1.9% in the quarter.

Position Type	Oct 25	Region	Gross Long (%)	Gross Short (%)	Net Long (%)
Short Positions	18	Europe	59	-26	33
Long Positions	38	North America	51	-17	35
<b>Total Positions</b>	<b>56</b>	Asia	3	0	3
Of which Index Positions	4	Australia/NZ	14	-3	11
		<b>Total</b>	<b>127</b>	<b>-46</b>	<b>82</b>

	Month (%)	3M (%)	FYTD (%)	1 Year (%)	2 Year p.a.	Since Inception p.a.
<b>System Capital Long Short Fund Class A</b>	<b>-1.93</b>	<b>-4.35</b>	<b>-3.72</b>	-	-	-

Data Source: Fidante Partners Limited, 31 Oct 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.

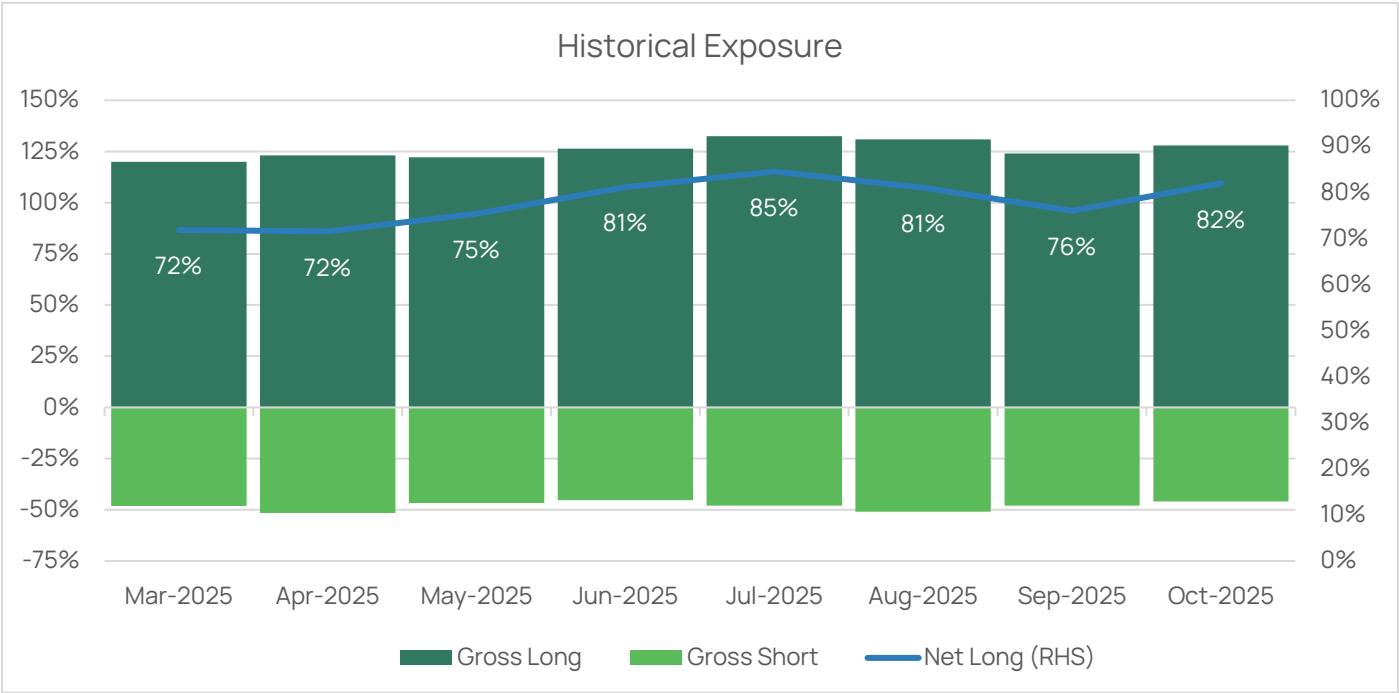
## SIGNIFICANT CONTRIBUTORS FOR THE MONTH INCLUDED:

- **Alphabet (Digital Advertising):** Shares increased 16% during the month, driven by increasing confidence that Alphabet's AI product roadmap can position it as a structural AI winner. During the month, the company reported a record Q3 2025 quarter, with revenue of \$102.3 billion, up 16% year-over-year and surpassing estimates of ~13% growth. Growth was broad-based: its largest advertising businesses Google Search and YouTube both grew 15%, and its cloud arm accelerated to 34% growth (with annualised cloud revenue now around \$60 billion). The company emphasized AI as a major driver of Cloud growth and raised its capital expenditure guidance to \$91-93 billion for 2025 to support its infrastructure build-out.

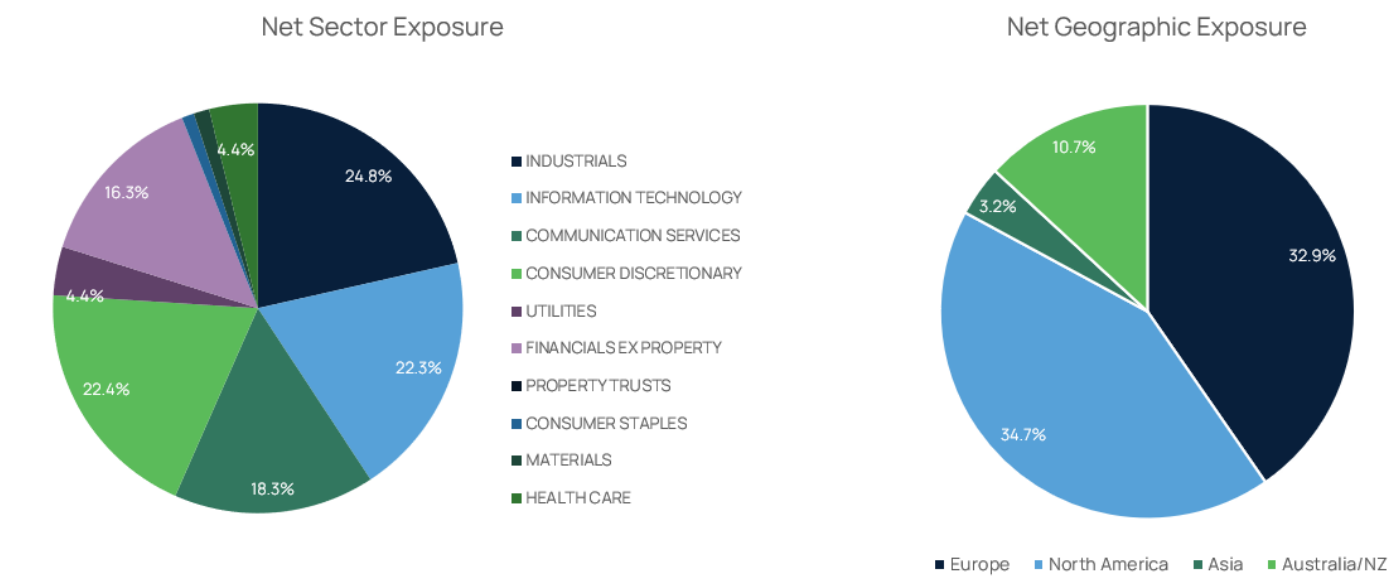
## DETRACTORS FOR THE MONTH INCLUDED:

- **Equifax (Info Services):** Shares declined 18% during the month, predominantly driven by FICO's (Company - Fair Isaac Corp.) move to a direct licencing model for mortgage scores. In the previous model, Equifax added a surcharge to FICO mortgage scores resold by Equifax to mortgage originators. The new direct licencing model adds an alternative distribution channel to purchase FICO mortgage scores, decreasing the surcharge revenue available to Equifax. However, Equifax has eliminated the earnings impact from the change by increasing the price of the mandatory credit data sold by Equifax to mortgage originators (credit scores and credit data are sold in a combined credit report). Importantly, this change has no impact on the Equifax Verification Services business that comprises the majority of the company's earnings power. Share weakness was also exacerbated by poor cost controls in their most recent quarterly earnings report despite better-than-expected revenue. FY2026 should be a positive year for Equifax growth, with upside from the new verification requirements in the recent US tax bill as well as an improving mortgage market, but we are closely watching company cost control to make sure revenue growth will translate to strong operating leverage and free cash flow growth.
- **Cellnex (Communication Services):** Shares declined 8% during the month. Operating results were in line with expectation, which is not surprising given the highly predictable nature of the company's revenues. Recent concerns about the consolidation of telecom operators in Europe have seen a continuing sell off in the stock over the last 3 months. We have looked in depth at Cellnex's tower assets in every major jurisdiction. We have examined both the legal terms of the contracts (very long contract lengths with all or nothing renewal clauses), and the overlap of the tower assets with other tower operators, which suggest very limited ability to switch between tower assets. We also had the chance to catch up with the management teams of Cellnex, Inwit (cell tower competitor), Iliad (telecom operator in France and Spain) and other key telecom operators in Spain this month. We remain highly convicted about the quality of Cellnex's assets and see a very strong path to value creation in the next 5 years with a projected FCF (Free Cash Flow) yield of over 15% by 2030 based on today's share price.

FUND EXPOSURE



SECTOR AND GEOGRAPHIC EXPOSURE



As at 31<sup>st</sup> Oct 2025

## PORTFOLIO TOP 10 ACTIVE STOCKS (ALPHABETICAL)

Issuer	Issuer Name
ADYEN NL	Adyen NV
CLNX ES	Cellnex Telecom SA
ENEL IL	Enel SpA
EFX US	Equifax Inc
FER ES	Ferrovial SE
FLTR GB	Flutter Entertainment PLC
LSEG GB	London Stock Exchange Group PLC
MA US	Mastercard Inc
MSCI US	MSCI Inc
SCHA NO	Schibsted ASA

### **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](http://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.