

System Capital Long Short Fund Class A



Monthly Report

February 2026

PLEASE FIND OUR FEBRUARY 2026 NEWSLETTER BELOW. 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 declined 3.5% for the month, bringing one year performance to -10.6%.

RECENT POSITIONING

Position Type	Feb 26
Short Positions	24
Long Positions	39
Total Positions	63
Of which Index Positions	5

Region	Gross Long (%)	Gross Short (%)	Net Long (%)
Europe	52	-27	25
North America	64	-32	32
Asia	9	0	9
Australia/NZ	18	-4	14
Total	144	-63	81

	Month (%)	3M (%)	FYTD (%)	1 Year (%)	2 Year p.a.	Since Inception p.a.
System Capital Long Short Fund Class A	-3.46	-7.77	-12.10	-10.65	-	-8.52

Data Source: Fidante Partners Limited, 28 February 2026. 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:

- **Cellnex:** Cellnex shares rose by 23% following strong results which beat across all key metrics. We believe the stock is at an important inflection point, with 2026 marking the first year where lower capital expenditures will allow for the de-gearing of the balance sheet and meaningful buybacks and dividends. Short term movements in Cellnex shares are driven by European and US interest rates but the company has a highly visible and contracted revenue stream which benefits from higher inflation and trades at a compelling valuation. It remains the largest weighting in our portfolio.
- **Tradeweb:** Tradeweb's shares rose 20% in February following a strong 4Q2025 earnings report. Trading activity in January and February volumes continues to show strong year-over-year growth, with February trading volume reaching \$61.8 trillion, with average daily volume (ADV) of \$3.1 trillion, up 23% YoY, alongside records in several asset classes such as U.S. high grade credit and global repos. We believe the company continues to be a structural leader in the electronic fixed income market and should benefit from interest rate and FX volatility through the year.
- **Lottery Corporation:** Lottery Corporation's share price increased 9% in February following the release of its 1H26 results report (18 February 2026), which showed resilient performance in the face of a below average number of jackpots, which impacted ticket sales. We believe the market also reacted positively to the constructive tone from the new CEO, Wayne Pickup, who plans to drive digital innovation and improve player retention particularly in younger more infrequent customer cohorts. An investor day is planned for later in the year which should give us more insight into these plans.

DETRACTORS FOR THE MONTH INCLUDED:

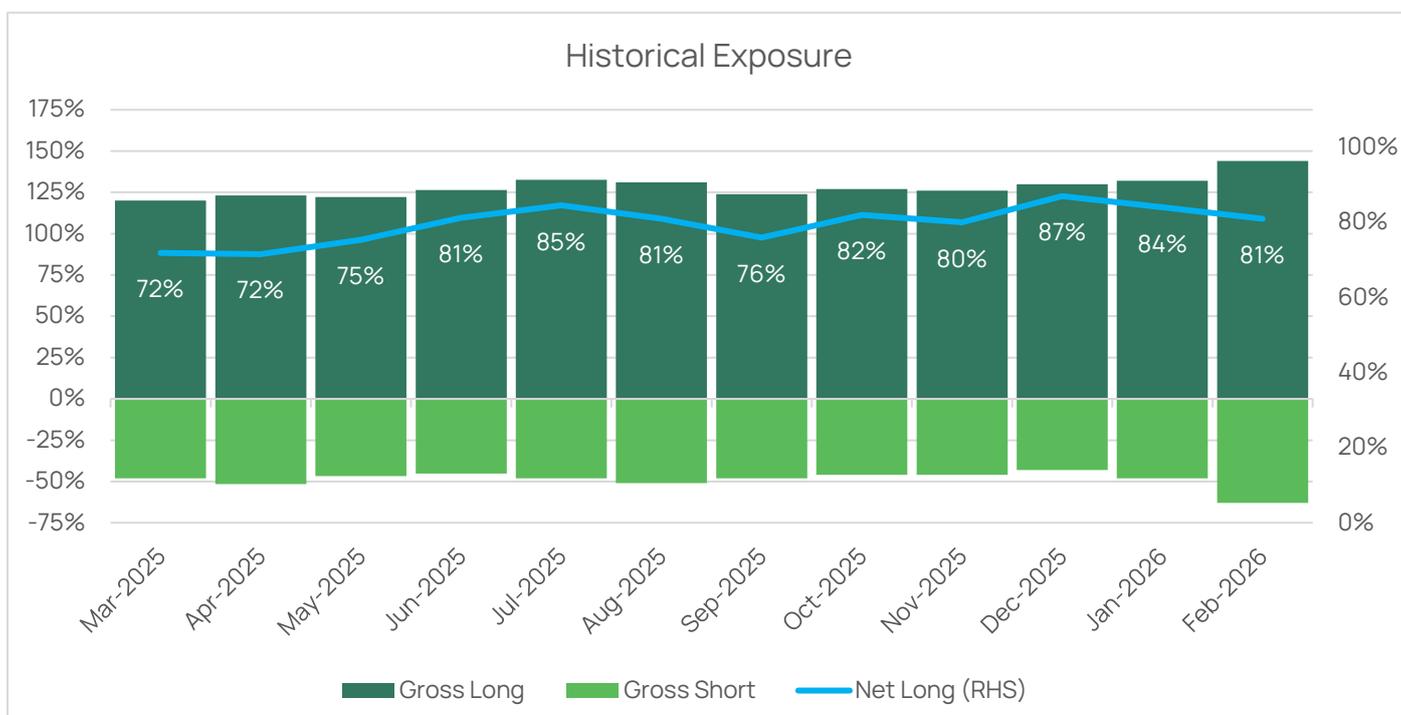
- **Flutter:** Flutter shares declined 36% following weaker results from peer DraftKings and its own underwhelming 2026 guidance. DraftKings' 4Q2025 results were broadly in line, but its 2026 revenue outlook (\$6.5-\$6.9bn) sparked a sector de-rating and revived concerns around promotional intensity and prediction market disruption. Flutter then added to the pressure with its own full year update. 2025 revenue fell short of expectations and management flagged softer U.S. handle growth trends. With handle trends remaining negative in January in the U.S. (due mostly to strong operator-friendly NFL sports outcomes which meant less recycling into further betting activity), investors focussed more on the short term, outweighing the longer-term share and margin story. More recently, activist investor Parvus Asset Management has increased its position in Flutter from 5.1% to 10.7%. This follows Kenneth Dart's Candle Lake Holdings which has taken an 18.6% stake over the last 6 months.

Flutter has been one of System Capital's most successful investments since the inception of the Fund but over the last year we have been slow to recognise the potential structural challenges from prediction markets. This has been greatly compounded by Flutter's own failure to execute

with a poorly executed NFL sports season, resulting in market share losses in US sports betting in 2025 and a higher required level of promotional spend in 2026. Valuation is extremely compelling at these levels, with 16x P/E for a stock growing EPS 23% p.a. (next 3 years) but execution must improve across sports betting and Flutter must prove it can be a share leader in non-regulated sports betting markets where newer players like Kalshi and Polymarket have taken an early lead.

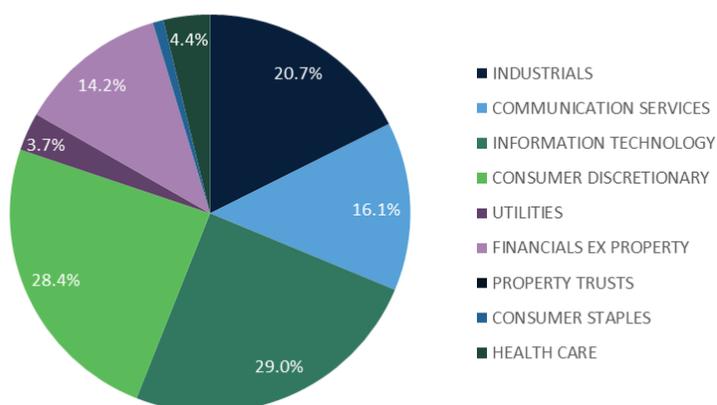
- Adyen:** Adyen shares declined 21% in February. The FY26 guidance given at their earnings release was slightly below market expectations on the revenue line (20-22% range vs 22% expected) and the margin line (flat margins compared to expectations of ~1 percentage point increase). Despite the reasonable stability of underlying revenue growth (21% in FY25, 23% in FY24 and 23% in FY23), management communication on business trends and investment cycles has been inconsistent and difficult for investors to follow – resulting in mismatched expectations. This has led to significant monthly share price moves when business results have differed from expectations. Fundamentally, Adyen continues to rapidly and consistently take market share in the payment industry and is taking an early leadership position in agentic commerce. Trading at a valuation multiple of 24x CY26 earnings, this should be an extremely attractive opportunity given the circa 20% revenue growth and 25%+ free cash flow growth we expect the business to achieve over the next 3 years.

FUND EXPOSURE

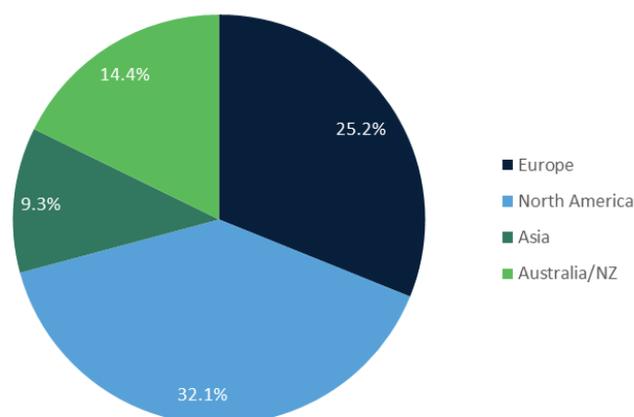


SECTOR AND GEOGRAPHIC EXPOSURE

Net Sector Exposure



Net Geographic Exposure



PORTFOLIO TOP 10 ACTIVE STOCKS (ALPHABETICAL)

Issuer	Issuer Name
ADYEN NL	Adyen NV
CLNX ES	Cellnex Telecom SA
EFX US	Equifax Inc
FICO US	Fair Isaac Corp
FER ES	Ferrovial SE
LSEG GB	London Stock Exchange Group PLC
TLC	Lottery Corp Ltd
MSCI US	MSCI Inc
2330 TW	Taiwan Semiconductor Manufacturing Co Ltd
VEND NO	Vend Marketplaces 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 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.