System Capital Long Short Strategy

Monthly Report August 2026

PLEASE FIND OUR AUGUST 2026 NEWSLETTER BELOW. COMMENTS AND SUGGESTIONS ARE HIGHLY WELCOME.

STRATEGY PERFORMANCE OVERVIEW

The fund increased 8.0% for the month, bringing one year performance to -9.2%. 7 positions individually contributed 50 bps or more to the monthly return.

RECENT POSITIONING

Position Type	Aug 26
Short Positions	20
Long Positions	40
Total Positions	**60**
Of which Index Positions	5

Region	Gross Long (%)	Gross Short (%)	Net Long (%)
Europe	47	-35	12
North America	76	-30	46
Asia	20	0	20
Australia/NZ	13	-4	9
Total	**156**	**-69**	**87**

	Month (%)	3M (%)	6M (%)	1 Year (%)	2 Year p.a.	3 Year p.a.	Cumulative Since Inception	Since Inception p.a.
System Capital L/S	**8.0**	**11.2**	**4.8**	**-9.2**	**3.7**	**10.7**	**60.6**	**13.1**
MSCI World AUD Hedged	2.4	2.8	10.1	20.7	17.7	19.3	98.0	19.4
Stoxx 600	0.5	4.4	4.7	21.3	14.2	15.4	77.0	16.0
ASX 200	1.5	4.5	0.3	4.4	9.5	11.2	53.0	11.7

Performance is in AUD (Hedged) and is before fees. Cumulative Returns and Annualised Returns from 26th Oct 2022 to 31st August 2026. 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:

- **Paycom:** Paycom shares rose by 46% in August, following a 30% increase in July. The Q2 result beat expectations. Revenue grew 10% and adjusted EBITDA margin expanded 320bp to 44.2%, and management raised full-year guidance to a record 46% EBITDA margin and more than $650m of free cash flow. Paycom has also taken advantage of the valuation weakness, buying back 20% of its shares outstanding in the first half. New products continue to broaden the platform, most recently Asset Management, which opens a new multibillion-dollar market. Self-hosting its AI models is expected to save around $130m in R&D and third-party fees this year. Paycom remains a significant position in the fund.

- **Adyen:** Adyen shares rose by 19% in August. Adyen reported strong revenue growth for the second quarter (22% year-on-year constant currency growth) that was slightly ahead of market expectations. Despite the very consistent low-20s% revenue growth over many quarters, the stock continues to have extreme market reactions to slight deviations from expectations. Adyen continues to win new customers (e.g. Shopify and OpenAI), take market share within existing clients, and roll out new products that take advantage of its highly differentiated strategic position.

- **Swiss Marketplace Group:** SMG shares rose by 26% in August after a strong set of half-year results. Revenue grew 11.3% and adjusted EBITDA 15.8%, with the margin expanding 2.2pp to 56.5%, and management narrowed full-year revenue growth guidance to the top half of the range at 11–12%. Product innovation continues to drive monetisation. Conversational search is now live across all platforms, with new tools including virtual staging for property listings, AI bulk listing on Ricardo, and inventory analytics (Optimizer Pro) for car dealers. Ricardo, the general marketplace, grew GMV (Gross Merchandise Value) by 13% and visiting accounts by 8%, while delivering high-quality referral traffic to specialist classified portals.

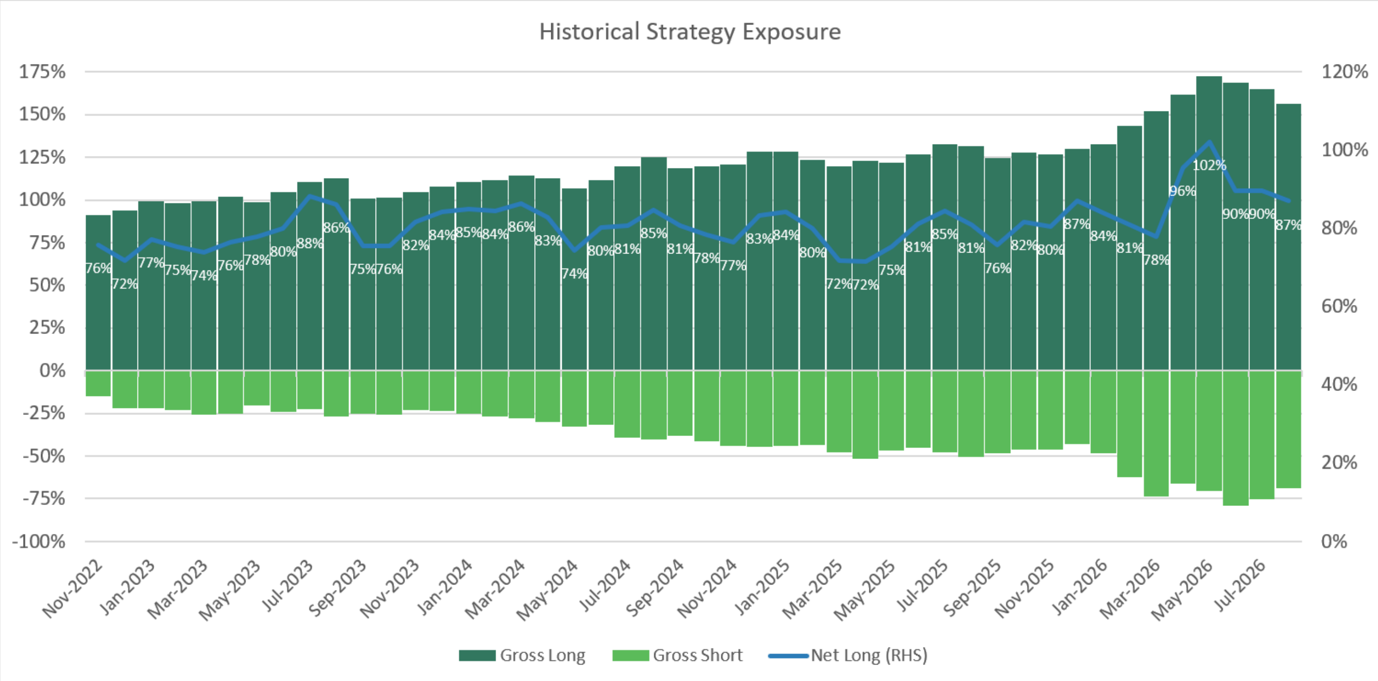
DETRACTORS FOR THE MONTH INCLUDED:

- **Ferrovial:** Ferrovial shares fell by 11% in August, despite a strong set of half-year results in late July. The decline reflected weakness in infrastructure assets as a result of rising yields and Ferrovial's selection on 19 August to lead the $9.2bn I-24 managed lanes project in Nashville. We see I-24 as consistent with Ferrovial's record of creating value from US managed lanes over the long term and believe the strong pricing power of Ferrovial will be very valuable in a period of higher inflation.

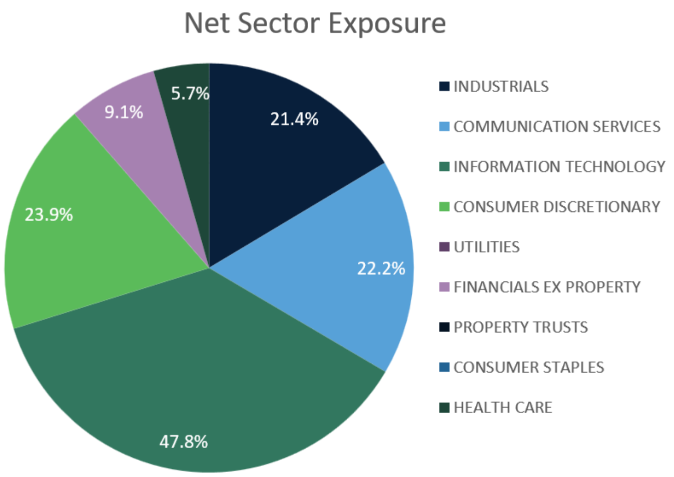
- **Amazon:** Amazon shares fell by 4% in August. Amazon shares had performed well in July on the back of a very strong earnings report we covered in the previous monthly newsletter. Near-term trading on the stock continues to be dominated by narratives around AI spending and whether cloud companies will generate a sufficient return on the significant capex they are deploying into AI infrastructure. AWS revenue continues to accelerate on the back of both AI and non-AI-related customer spending while building out a differentiated product spanning silicon and value-added services.

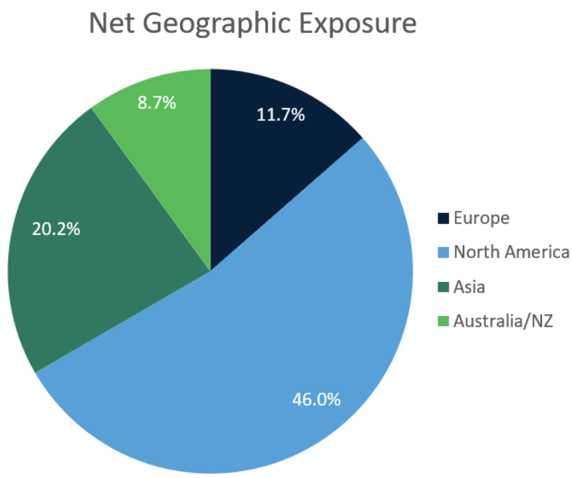
- **Floor and Décor:** Floor and Décor shares fell by 13% in August, despite a strong start to the month driven by stronger-than-expected reported comparable store sales in 2Q. The remainder of the month was marked by weakness due to rising yields and fears of persistently higher inflation, which threatens to delay a recovery in the US housing cycle.

STRATEGY EXPOSURE



SECTOR AND GEOGRAPHIC EXPOSURE





PORTFOLIO TOP 10 ACTIVE STOCKS (ALPHABETICAL)

Issuer	Issuer Name
ADYEN NL	Adyen NV
AMZN US	Amazon.com Inc
CLNX ES	Cellnex Telecom SA
FLUT US	Flutter Entertainment PLC
MA US	Mastercard Inc
PCTY US	Paylocity Holding Corp
SAF FR	Safran SA
2330 TW	Taiwan Semiconductor Manufacturing Co Ltd
VEND NO	Vend Marketplaces ASA
V US	Visa Inc