System Capital Long Short Fund Class A

Monthly Report October 2026

PLEASE FIND OUR OCTOBER 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 increased 5.7% for the month, bringing one year performance to -8.1%. 9 positions individually contributed 50 bps or more to the monthly return.

RECENT POSITIONING

Position Type	Oct 26
Short Positions	21
Long Positions	39
Total Positions	**60**
Of which Index Positions	5

Region	Gross Long (%)	Gross Short (%)	Net Long (%)
Europe	45	-37	8
North America	79	-32	46
Asia	21	0	21
Australia/NZ	14	-5	9
Total	**158**	**-74**	**84**

	3M (%)	6M (%)	1 Year (%)	2 Year p.a.	3 Year p.a.	Since Inception p.a.
System Capital Long Short Fund Class A	**4.27**	**5.99**	**-8.10**	**-**	**-**	**-4.95**

Data Source: Fidante Partners Limited, 31 October 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:

- **Paylocity:** Paylocity shares rose by 20% in October. Shares benefitted from a strong re-rating fuelled by a fading of AI disruption fears and a sector rotation away from semiconductors, ahead of reporting its quarterly earnings. Positive employment trends also pushed the share price higher. On November 5, the company reported a strong beat-and-raise, which has caused October's momentum to continue into November. Paylocity continues to sustain strong revenue and free cash flow growth and remains a key position in the fund.

- **Mastercard and Visa:** Mastercard and Visa shares rose by 16% and 15% respectively in October. Both companies reported mid-teens revenue growth, supported by healthy transaction volumes and the continued expansion of adjacent services such as tokenisation and cybersecurity. Both card networks continue to benefit from inflation and its impact on nominal consumer spending. The companies have already made key investments into future growth areas that position them well to continue improving their competitive position, growing revenue and returning significant capital to shareholders.

- **MSCI:** MSCI shares rose by 16% in October. The company reported strong results with double digit revenue growth and the continuation of healthy inflows into their asset-based fee products as well as accelerating index subscription revenue growth. The index subscription customer base continues to broaden out with strong net new sales in the quarter. MSCI's unique competitive position leads to stronger revenue growth in times of equity market value and trading volume increases. The long-tenured management team continues to invest in future growth drivers such as custom indices, which saw 27% revenue growth in the quarter.

DETRACTORS FOR THE MONTH INCLUDED:

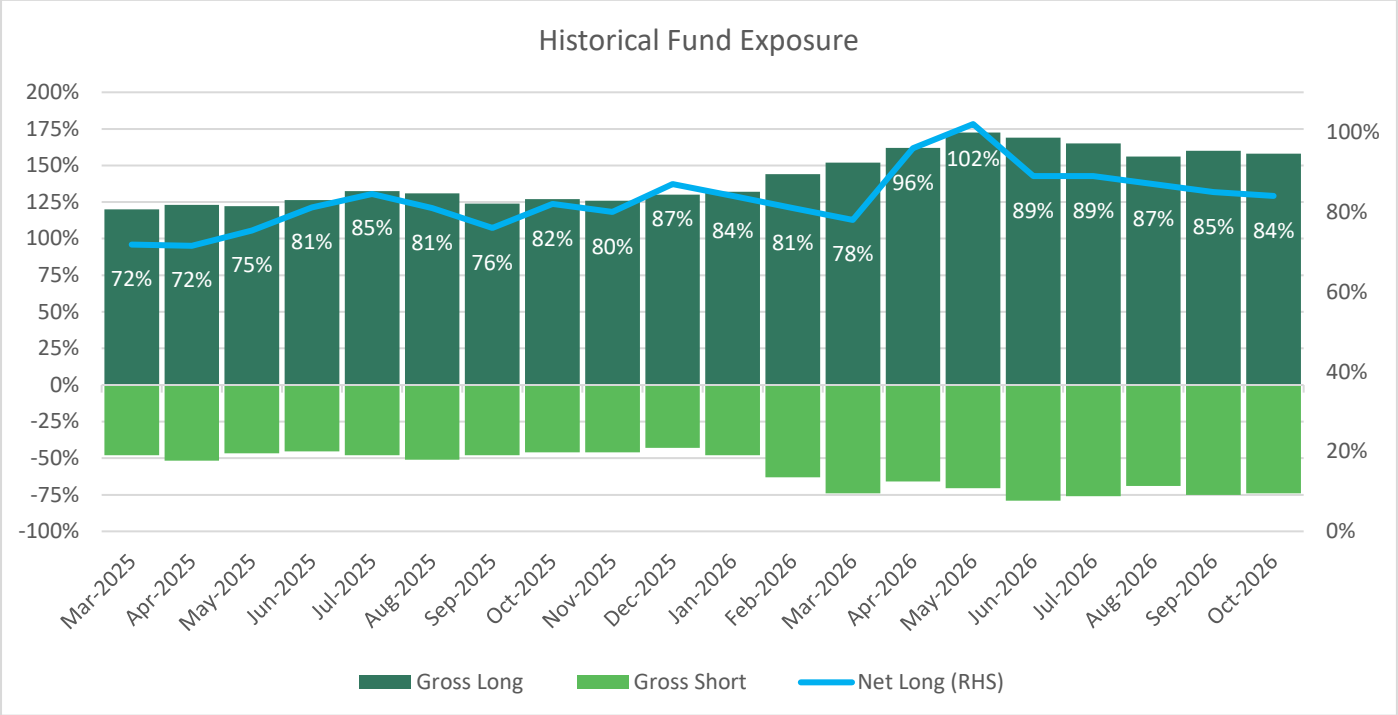
- **TSMC:** TSMC shares fell by 11% in October. The company reported strong results with revenue growth of over 40% in the quarter and an increase in full-year revenue expectations as production expansion continues to increase. The ramp of its most advanced AI factories and new overseas factory openings led to slightly weaker than expected gross margins. As these factories reach full utilisation, margins will improve. October was also a weak market across the semiconductor and AI complex due to concerns around funding costs and leading-edge lab revenues. TSMC continues to have the dominant position in leading-edge chip manufacturing across AI, smartphones, and networking.

- **Safran:** Safran shares fell by 18% in October. Towards the beginning of the month the stock came under pressure due to concerns that increasing jet fuel prices and airfares could impact end demand for air travel. At the end of the month, Safran reported strong results that were in line with full-year expectations, indicating the continuation of very healthy engine maintenance activity. On the conference call, management indicated that capex would need to increase in the future to meet the increased demand for Safran's commercial engines and defence products (which include fighter engines, missiles, and optronics). This led to some weakness in the stock

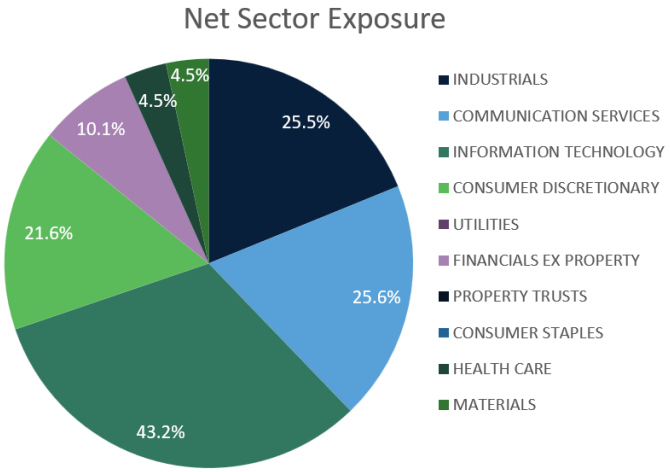
as the increased spend will slightly pressure near-term cash flow. Safran's products have deep competitive advantages and long product lifecycles. Increased production capacity due to increased end demand signals reflect the healthy operating environment for the company and will lead to increased profits over the medium and long term.

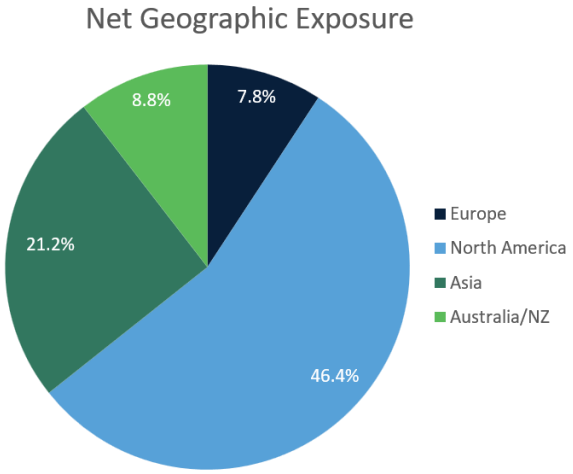
- **Adyen:** Adyen shares fell by 6% in October. The company reported strong revenue growth, with continued 20%+ growth that was ahead of expectations. However, management lowered the full year EBITDA margin guide from a low 50s% target to 50% and withdrew its medium-term 55% margin target as they continue to invest in new products and sales opportunities. The company specifically called out strong customer interest in new products (as a result of recent acquisitions) focused on AI usage billing and unified commerce loyalty. Whilst the continual changing of financial targets has led to outsized stock movements, Adyen continues to grow revenue in the low 20% range, take share in the payments market, win large new customers, grow market share amongst existing customers and roll out new products on the back of its unique architecture. Whilst Adyen is in a unique position to take advantage of increasing payments complexity due to AI, agentic commerce, and the proliferation of payment channels we are closely tracking the reinvestment requirements and its impact on revenue growth.

FUND EXPOSURE



SECTOR AND GEOGRAPHIC EXPOSURE





PORTFOLIO TOP 10 ACTIVE STOCKS (ALPHABETICAL)

Issuer	Issuer Name
AMZN US	Amazon.com Inc
CLNX ES	Cellnex Telecom SA
FER ES	Ferrovial SE
MA US	Mastercard Inc
MSCI US	MSCI 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

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