



System Capital Long Short Fund

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 System Capital



Access to a portfolio of global companies with strong and growing cashflows and a stronger competitive position over time.

The System Capital Long Short Fund (Fund) is a global equities long short fund with a focus on developed countries. It seeks to achieve strong absolute returns by identifying pricing inefficiencies between the valuation of a business and its structural position over the medium term.

The Fund is not constructed with a specific investment thematic or strategy, which helps maximise the opportunity set, and has a track record of strong risk adjusted returns, including strong attribution across both long and short positions.

Benefits of the Fund

Experienced Investment Team	The portfolio manager and investment team have significant experience in managing long short funds.
Selection Process	The Fund's focus on identifying businesses with a structural advantage means the Fund can be invested across value and growth stocks and across many investment themes.
Global Portfolio	The Fund is predominantly invested outside of Australia enabling investors to diversify Australian-centric portfolios.
Exposure Management	The Fund retains the ability to adjust market exposure to protect the portfolio's downside and benefit from market dislocations. Shorting capability enables the Fund to take advantage of structural winners and losers within specific industries.

Fund Characteristics

Description	Global long/short fund focused on achieving attractive absolute returns over the medium to long term.
Sector & Geographic Focus	Focus on technology, telecommunications, real estate, utilities, infrastructure, media, gaming, diversified financials, and industrials in developed markets.
Number of Positions	20-80
Typical Net Long	75%
Min-Max Net Exposure	0% -150%
Min-Max Gross Exposure	50% - 250%
Maximum Stock Position (at purchase)	15%
Unlisted Investments	Limited to 10% of Fund and must have firm commitment to list on exchange within 12 months.
Shorting	The Fund may short to hedge its market exposure, engage in relative value trades or short specific stocks.



Investment Approach

System Capital believes that understanding a business's strength relative to its business ecosystem is crucial to its performance over time. System Capital defines a business ecosystem as the interconnected network of suppliers, customers, competitors, regulators, governments, and new entrants that influence a business's economic returns. The team focusses on identifying opportunities where a business's strength – measured by its relative bargaining position and share of economic value – continues to grow over time, positioning it for sustained success and value creation.

Investment Process

System Capital focuses on finding businesses that can generate attractive free cashflow returns and strengthen their competitive positioning over time. The portfolio is grouped around the following three focus areas:

Core Cashflow Franchises	Businesses featuring an attractive valuation, predictable cash flow, increasing barriers to entry, and dividends well-covered by cash distributions.
Digital Infrastructure Companies	Businesses that are essential to the functioning of the digital economy, with strong pricing power, growing barriers to entry, and solid cash flow potential.
Hidden Value Businesses	Businesses offering strong free cash flow currently in conglomerate structures, legacy businesses with unique opportunities for growth and market re-rating. A distressed valuation provides a high margin of safety.

The investment process includes four key steps:





About System Capital

System Capital is an absolute return equities fund manager investing in developed markets. System Capital employs detailed bottom-up fundamental research to identify all aspects of a business ecosystem. They do this through company and industry meetings, detailed modelling work on suppliers and competitors, and a focus on engaging with key stakeholders which are relevant to each industry. System Capital was founded in 2022 by Lev Margolin, an ex-Portfolio Manager of L1 Capital, and is majority owned by its employees.

Team

The investment team have a significant track record of managing long short funds.



Lev Margolin
Portfolio Manager



Vishal Hargovan
Senior Investment Analyst



Michael Aynbund
Senior Investment Analyst

Contact Us

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