

Fidante welcomes global long-short manager as its latest affiliate

Partners with System Capital as it continues to build its Alternatives offerings

3 February 2025: Global investment management firm, Fidante, part of Challenger Group, has further expanded its network of affiliate managers, today announcing a new strategic partnership with System Capital.

System Capital is a global long-short manager founded in 2022 by well-regarded Portfolio Manager, Lev Margolin. The strategy is well suited to family offices, High-Net-Worth investors, and retail clients.

Typical of Fidante's affiliate model, Fidante has taken a substantial minority equity stake in System Capital and entered into an exclusive distribution agreement.

The System Capital Long/Short Fund is a global concentrated strategy focused on identifying pricing inefficiencies between the valuation of a business and its business quality. The Fund employs detailed, bottom-up fundamental research to identify companies with strong and growing cashflows over the medium term with a strengthening competitive position.

The Fund's absolute return focus also means the Fund can benefit from situations where a structural position of a business is weakening and that is not yet reflected in valuation, as well as adjust the Fund's market exposure (net long) to protect portfolio from market dislocations. The aim is to achieve consistent absolute returns and greater downside protection for investors.

The partnership will allow System Capital to scale and grow FUM, while strengthening Fidante's multi-affiliate proposition and suite of investment choices.

Fidante now boasts 20 leading investment managers as part of its multi-affiliate model, spanning fixed income, equities, and various alternative strategies including System Capital.

Commenting on the partnership, Victor Rodriguez, Chief Executive, Funds Management at Challenger said specialist, active managers come to the fore in times of increasing market volatility and uncertainty.

"We are excited to be partnering with System Capital," Mr Rodriguez said. "We believe Lev Margolin's expertise in long-short investing, combined with the extensive experience of the System Capital team, presents a unique opportunity for Australian investors looking to take advantage of under and overvalued global stocks".

"At Fidante, we strongly believe in the value of active management and the distinct advantages specialist, independent managers offer in an increasingly competitive market. We are committed to ensuring investors have access to best in class, active fund managers, across a wide and diverse range of products and capabilities" Mr Rodriguez said.

Why global long-short

Commenting on its investment strategy, Mr Margolin said System Capital is looking to deliver consistent absolute returns in a world experiencing record change and transition.

"Our Fund is not constructed with a specific investment thematic or qualitative overlay. Rather, we look to take advantage of structural winners and losers within specific industries to deliver absolute returns," Mr Margolin said.

Since inception in October 2022, the Fund has returned 24.3% p.a. (before fees) as at December 2024.

"We see our partnership with Fidante as a natural evolution of our business," Mr Margolin said. "It brings a new and differentiated investment strategy to the Fidante stable and allows us to grow our investor base."

"Our business remains majority owned by our team, and we will continue to reinvest in the growth of the business."

Fidante is a global investment management business with approximately A\$100bn in FUM*. Fidante provides investors with access to best-in-class investment managers. They are one of Australia's largest active investors, offering compelling strategies across equities, fixed income, and alternative assets, via partnerships with leading investment teams.

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About Fidante

At Fidante, we provide investors with access to best-in-class investment managers. We are one of Australia's largest active investors, offering compelling strategies across equities, fixed income, and alternative assets, via partnerships with leading investment teams. We are a global investment management business with approximately \$A100bn* under management and form part of the Challenger Limited Group, an ASX-listed investment management firm. <https://fidante.com/au/about-fidante>

About System Capital

System Capital is an absolute return global equities fund manager based in Melbourne and is majority owned by its investment team. System Capital was founded by Lev Margolin, who has 15 years of experience in funds management, including eight years as a portfolio manager of the L1 Capital Long/Short Fund. System Capital's philosophy and process focuses on understanding a business's strength within its business ecosystem. This ecosystem encompasses suppliers, customers, competitors, regulators, governments, and emerging market participants, all of which collectively influence the long-term economic performance of a business.

* As at June 2024

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