

Merlon Concentrated Australian Share Fund

Monthly Fact Sheet - August 2025



For queries, please call Investor Services on 1300 721 637

Fund Features

Proven Investment Philosophy: We believe people are motivated by short-term outcomes, overemphasise recent information and are uncomfortable having unpopular views.

Simple Process: We invest in undervalued companies where we think market participants have become too pessimistic.

Concentrated: A portfolio of 25-35 companies constructed without regard to benchmark weights.

True-to-Label Performance: Merlon's investment team has a proven long-term value investing track record since its 2010 inception.

Integrated ESG Approach: We believe deep consideration of governance, social as well as environmental issues – coupled with active ownership – enhances investment, business and community outcomes.

Fund Facts

Portfolio manager	Neil Margolis
Fund inception date	1 st February 2018
Merlon FUM	\$826m
Strategy FUM	\$204m
Fund FUM	\$204m
Management fee	0.52% p.a
Performance fee	20% of the Fund's daily return above the benchmark.
Fund objective	The Fund aims to outperform the benchmark on a total return basis over the medium to long term.
Minimum Investment	\$10,000
Suggested timeframe	At least 5 years
Buy/Sell Spread	+0.20% / -0.20%
Distribution Frequency	Quarterly
APIR Code	HOW2217AU

Top Ten Holdings (Alphabetical)

AGL Energy	Fletcher Building
AMP	Ramsay Health Care
ASX	Santos
Aurizon	Treasury Wine
Coles	Woolworths

Fund Performance (net of fees)

% ¹	Fund	Benchmark ²	Excess
Since Inception (p.a.)	8.8	9.4	-0.6
5 Years (p.a.)	15.2	12.3	2.8
3 Years (p.a.)	13.3	13.1	0.2
1 Year	13.1	14.7	-1.6
FYTD	6.3	5.5	0.8
CYTD	11.8	12.3	-0.5
Quarter	6.9	7.0	-0.1
Month	2.0	3.1	-1.1

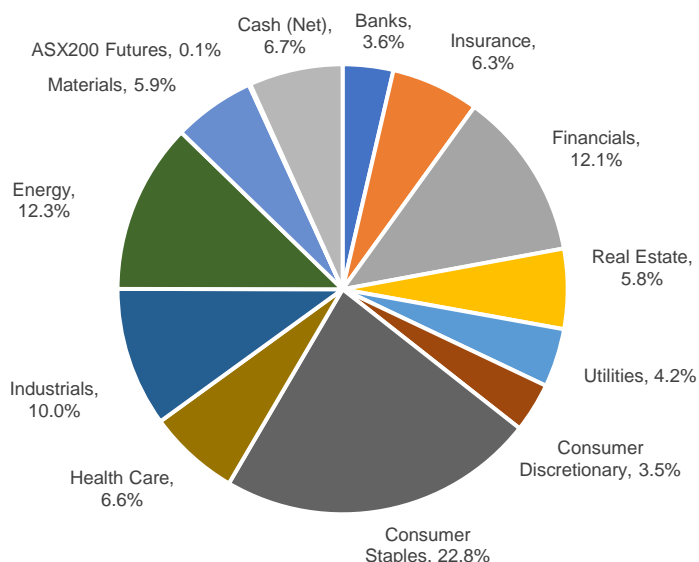
¹ Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.

² The Fund benchmark is the S&P/ASX 200 Accumulation Index.

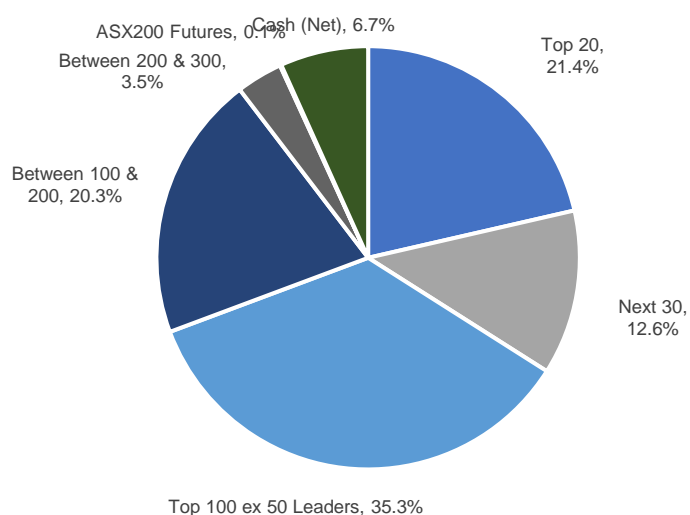
³ The Inception Date for the class is 1 February 2018. Strategy Inception date is 31 May 2010.

Source: Fidante Partners Limited, 31 August 2025.

Sector Exposures



Market Cap Bands



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Performance update

In August, the Merlon Concentrated Share Fund returned 2.0% (after fees), underperforming the ASX200's 3.1% in an unforgiving reporting season. Over the last five years, the Fund has returned 102% after fees, outperforming the benchmark's 79%.

Equities reached all-time highs despite a 1% slip in aggregate forward earnings, as a 4% PE expansion drove returns. US earnings revisions fared better, contributing to more to its index's monthly return. Bond yields were flat, and credit spreads rose with long-term inflation expectations. Higher Australian and US inflation didn't stop the Fed flagging a September rate cut on weak employment data. Commodities were mixed, with lithium and iron ore rising while oil and coal fell.

The top-performing sectors were Materials, Consumer Discretionary, and Banks. Healthcare, Technology, and Insurance were the biggest detractors.

Key portfolio contributors included Coles, gaining market share and expanding margins post automation investments, Iluka, on growing rare earths potential, and Super Retail Group, shrugging off competition concerns with a strong trading update. Not holding CSL and CBA aided relative performance.

Detractors included Ramsay Healthcare, taking longer to turnaround but activity is improving at underutilised sites; AGL, with a weaker short-term outlook yet longer term upside from higher gas prices and battery earnings; ASX, struggling to contain costs and under ASIC pressure although revenue is growing strongly; and Woolworths, losing share to Coles. Not owning BHP and having reduced WBC, now trading 60% above its long-term PE, detracted.

The portfolio's historically low beta of 0.8 reflects a tilt toward defensive stocks undervalued on maintainable cash flow and franking credits. More recently, we have added commodity exposure and reduced banks and insurers. Given increasing concentration of returns and multiples against a backdrop of persistent inflation and priced-in rate cuts, we believe our approach—investing where the market is overly pessimistic—is well-positioned for the outlook.

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