

Merlon Concentrated Australian Share Fund

Monthly Fact Sheet - November 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	\$804m
Strategy FUM	\$209m
Fund FUM	\$209m
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.)	8.4	8.7	-0.3
7 Years (p.a.)	10.5	10.2	0.3
5 Years (p.a.)	12.0	9.9	2.1
3 Years (p.a.)	10.2	9.7	0.5
1 Year	8.5	5.5	3.1
FYTD	5.2	2.3	2.9
CYTD	10.7	8.9	1.8
Quarter	-1.0	-3.0	2.0
Month	1.5	-2.7	4.2

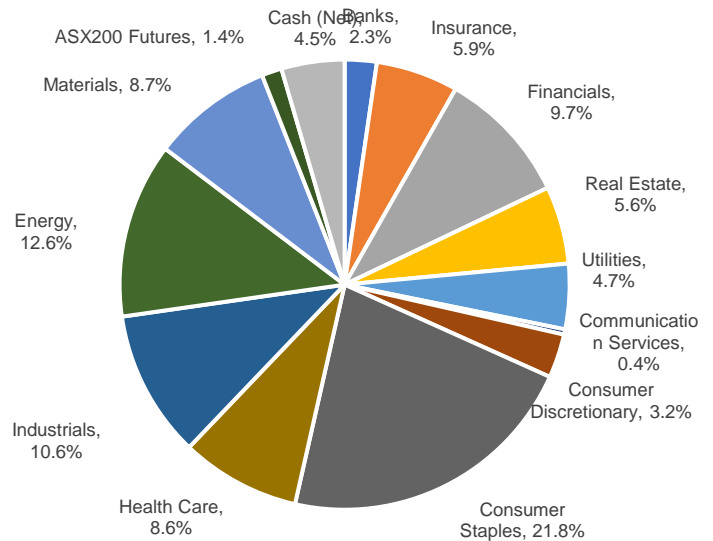
¹ Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.

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

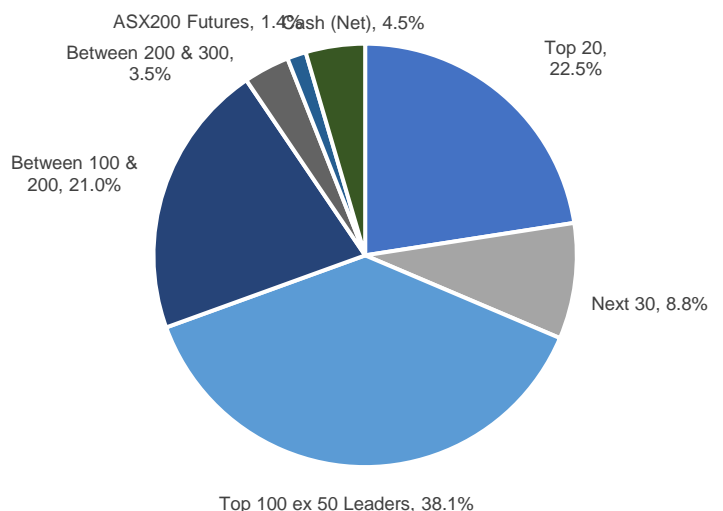
³ The Inception Date for the class is 1 February 2018. Strategy Inception date is 31 May 2010.

Source: Fidante Partners Limited, 30 November 2025.

Sector Exposures



Market Cap Bands



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Performance update

The Merlon Concentrated Share Strategy outperformed by 4.2% in November, rising 1.5% after fees while the ASX200 declined 2.7%. Over 15 years, the strategy on which the Fund is based, has returned 327% before fees versus the index's 249%.

The ASX 200 recorded its worst November performance since 2014. Stronger-than-expected jobs and inflation readings led several independent economists to predict rate hikes in 2026. This caused 10-year bond yields to surge toward a one-year high, a stark divergence from the US where yields trended toward one-year lows on expected rate cuts.

Outside of Technology (down 12%), Banks led the market lower, declining 6%, albeit still up 150% since the Covid vaccine was announced five years ago. In a momentum-flip, the defensive Healthcare and Consumer Staples sectors generated positive returns. The Materials sector also saw gains despite double-digit declines in Chinese home starts and completions. The Equal Weight ASX100 shed only 0.1%, validating Merlon's index unaware approach.

Key portfolio contributors included: Ramsay Healthcare, announcing 6% 1Q revenue and EBIT growth (vs consensus -2%); Orora, reconfirming growth guidance and buying back shares; Aurizon, with its defensive infrastructure characteristics; and Woolworths, with better-than-expected 1Q sales evidence management actions may be bearing fruit. Not owning CBA adding 0.9% to relative returns, partly offset by Westpac's outperformance.

Detractors were minor, with Iluka giving up some recent gains on waning rare earths excitement, while not holding CSL, gold and lithium detracted from relative performance.

The portfolio's historically low beta of 0.8 (0.5 for the Income Strategy) reflects a tilt toward defensive, cash-flow and franking-rich stocks that are under-earning and trading at the low-end of their valuation range. We believe our approach of investing where the market is overly pessimistic should fare well in the current environment of high valuation dispersion, slowing growth and sticky inflation.

This material has been prepared by Merlon Capital Partners (ABN 94 140 833 683, AFSL 343753) Merlon, the investment manager of the Merlon Concentrated Australian Share Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Merlon and Fidante have entered into arrangements in connection with the administration of financial products to which this material relates. In connection with those arrangements, Merlon and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by Merlon Capital Partners or any member of the Challenger Group.