

# Merlon Concentrated Australian Share Fund

Monthly Fact Sheet - January 2026



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

<b>Portfolio manager</b>	Neil Margolis
<b>Fund inception date</b>	1 <sup>st</sup> February 2018
<b>Merlon FUM</b>	\$983m
<b>Strategy FUM</b>	\$387m
<b>Fund FUM</b>	\$224m
<b>Management fee</b>	0.52% p.a
<b>Performance fee</b>	20% of the Fund's daily return above the benchmark.
<b>Fund objective</b>	The Fund aims to outperform the benchmark on a total return basis over the medium to long term.
<b>Minimum Investment</b>	\$10,000
<b>Suggested timeframe</b>	At least 5 years
<b>Buy/Sell Spread</b>	+0.20% / -0.20%
<b>Distribution Frequency</b>	Quarterly
<b>APIR Code</b>	HOW2217AU

## Top Ten Holdings (Alphabetical)

AGL Energy	Ramsay Health Care
ASX	Sonic H'Care
Aurizon	Santos
Coles	Treasury Wine
Fletcher Building	Woolworths

## Fund Performance (net of fees)

% <sup>1</sup>	Fund	Benchmark <sup>2</sup>	Excess
<b>Since Inception (p.a.)</b>	8.2	8.9	-0.7
<b>7 Years (p.a.)</b>	10.6	10.1	0.5
<b>5 Years (p.a.)</b>	12.1	10.2	1.9
<b>3 Years (p.a.)</b>	9.5	9.8	-0.3
<b>1 Year</b>	7.0	7.4	-0.4
<b>FYTD</b>	5.6	5.5	0.1
<b>CYTD</b>	1.8	1.8	0.0
<b>Quarter</b>	1.9	0.4	1.5
<b>Month</b>	1.8	1.8	0.0

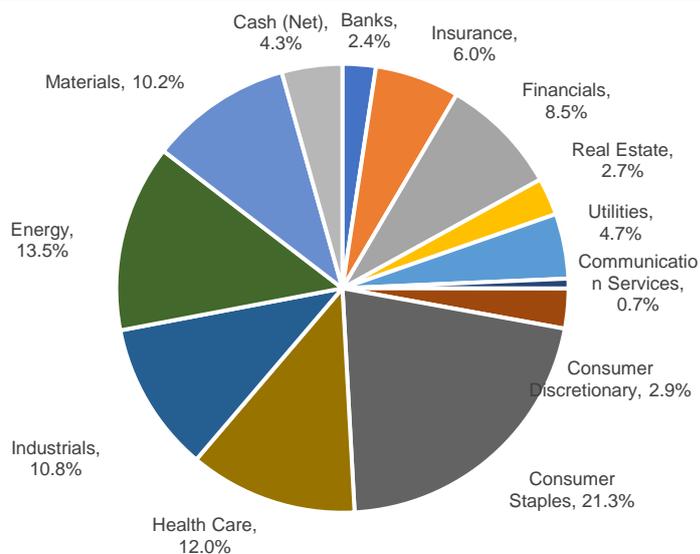
<sup>1</sup> Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.

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

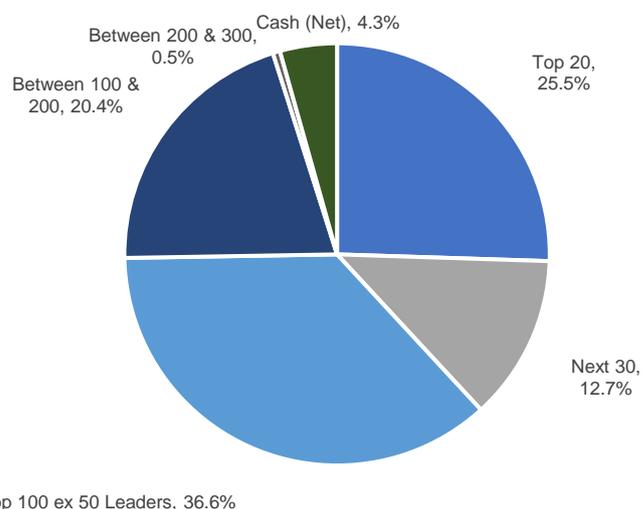
<sup>3</sup> The Inception Date for the class is 1 February 2018. Strategy Inception date is 31 May 2010.

Source: Fidante Partners Limited, 31 January 2026.

## Sector Exposures



## Market Cap Bands



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## Performance update

The Merlon Concentrated Share Strategy performed in-line with the market in January, rising 1.8% after fees. Over 5 years, the Fund has returned 80% after fees versus the index's 63%.

The hot start to the calendar year was driven primarily by strong rallies in the precious metals space, particularly Silver (+12%) and Gold (+10%), the latter of which has seen retail ETF's overtaking central banks as the main driver of demand over calendar 2025. Domestically, a higher-than-expected core inflation print (+3.3%) increases the odds for a RBA rate hike in February to 67%.

Materials outperformed (+10%) with rising prices in precious metals and improving production outlook driving performance. Heighted risk of conflict in Iran and extreme weather in the US help Energy (+10%) generate positive performance with oil prices bouncing off 5-year lows. Technology (-9%) continued its weak performance with potential threats of AI disruption to existing models and a higher interest rate environment dragging on sentiment.

Key portfolio contributors included: Santos, announcing its first successful shipment from its Barossa LNG project, upgrading production forecasts and a higher oil price (+15%); South32, exposed to higher silver prices (+12%) and stronger production; and ASX, announcing stronger than expected revenue growth. Not owning CBA adding 0.9% to relative returns.

Detractors included AMP guiding to higher costs and Iluka from rumours the US government may abandon the price floor for certain rare earths, while not holding BHP and gold producers detracted from relative performance.

The portfolio's historically low beta of 0.7 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](http://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.