

Merlon Concentrated Australian Share Fund

Monthly Fact Sheet - February 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

Portfolio manager	Neil Margolis
Fund inception date	1 st February 2018
Merlon FUM	\$988m
Strategy FUM	\$393m
Fund FUM	\$228m
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	Sonic H'Care
Aurizon	Santos
Endeavour	Woolworths

Fund Performance (net of fees)

% ¹	Fund	Benchmark ²	Excess
Since Inception (p.a.)	8.3	9.3	-1.0
7 Years (p.a.)	9.7	9.9	-0.2
5 Years (p.a.)	12.2	10.8	1.4
3 Years (p.a.)	10.6	12.2	-1.6
1 Year	9.0	16.2	-7.2
FYTD	7.1	9.8	-2.7
CYTD	3.2	6.0	-2.8
Quarter	1.8	7.3	-5.5
Month	1.4	4.1	-2.7

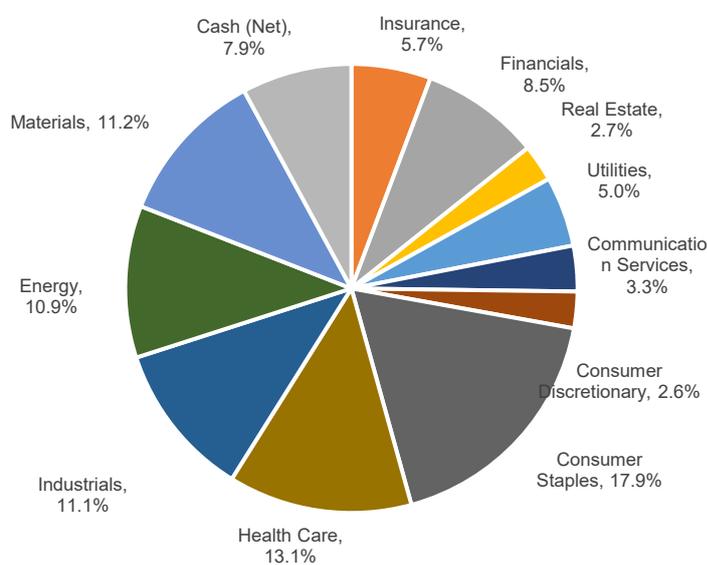
¹ Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.

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

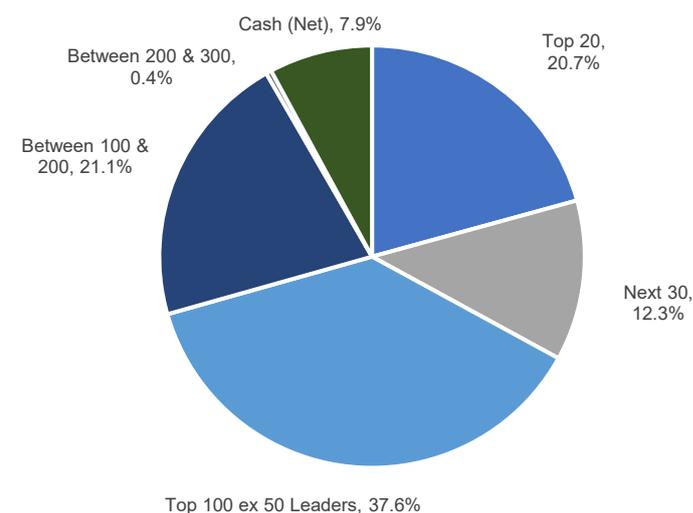
³ The Inception Date for the class is 1 February 2018. Strategy Inception date is 31 May 2010.

Source: Fidante Partners Limited, 28 February 2026.

Sector Exposures



Market Cap Bands



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Performance update

The Merlon Concentrated Share Strategy rose 1.4% before fees in February, underperforming the ASX200's 4.1% rally. Despite this, the strategy has returned 80% after fees over 5 years, significantly ahead of the index's 67%.

Merlon's non-benchmark approach – investing only in undervalued companies where the market has become overly pessimistic – faced major headwinds. The S&P/ASX 100 Equal Weight Index was flat, while the ASX20 rose 8% (albeit with better earnings revisions) and Banks surged 14%. The Bank sector P/E of x now dwarfs the 10x average of 27 global peers and its own 20-year-average of 12x. A reversion to its long-term average – reflecting high leverage, capital intensity and modest returns – would see the ASX200 fall 10%, leaving the Merlon portfolio unaffected.

Key portfolio contributors included Ramsay Healthcare, posting 9% revenue growth and French divestment plans; Iluka, with positive new mine and rare earths progress; Woolworths regaining share and expanding margins; Aurizon, with a volume and regulatory-led earnings beat and returning capital; and AGL, improving retail margins and battery capacity. Not owning Wesfarmers, CSL and Goodman Group aided relative performance.

Most of the underperformance was driven by not holding Banks or BHP. Within the portfolio, AMP detracted on a small earnings miss and hesitance to return capital, though it trades below capital backing; Treasury Wine with excess inventory crimping near-term earnings but claiming strong underlying Chinese demand; and Fletcher Building, cutting its dividend amid NZ cyclical volume weakness.

The portfolio's historically low beta of 0.7 reflects a tilt toward defensive stocks undervalued for their cash flow and franking, and under-earning versus history. We believe that our approach of investing where the market has become too pessimistic should fare well against a benchmark highly concentrated in macro sensitive stocks on elevated multiples

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