

Merlon Concentrated Australian Share Fund

Monthly Fact Sheet - March 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	\$979m
Strategy FUM	\$391m
Fund FUM	\$224m
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	NIB
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.)	8.0	8.2	-0.3
7 Years (p.a.)	9.6	8.6	1.0
5 Years (p.a.)	11.2	8.6	2.6
3 Years (p.a.)	10.2	9.5	0.7
1 Year	9.0	11.7	-2.6
FYTD	4.8	2.0	2.8
CYTD	1.0	-1.6	2.6
Quarter	1.0	-1.6	2.6
Month	-2.2	-7.1	5.0

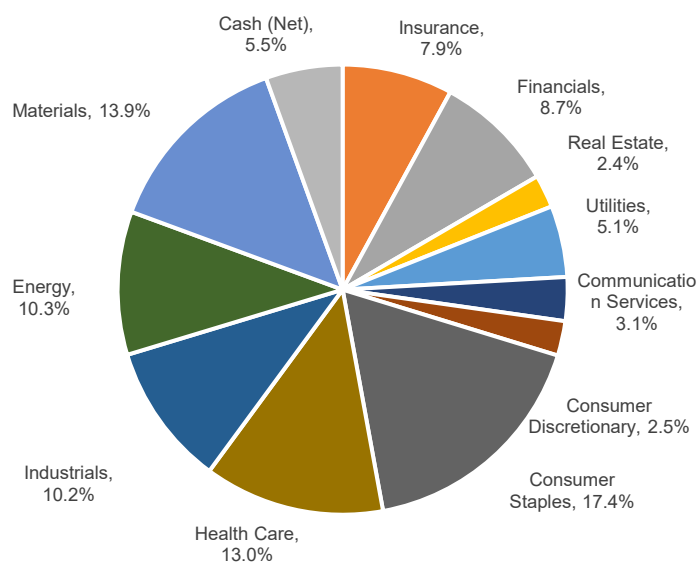
¹ Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.

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

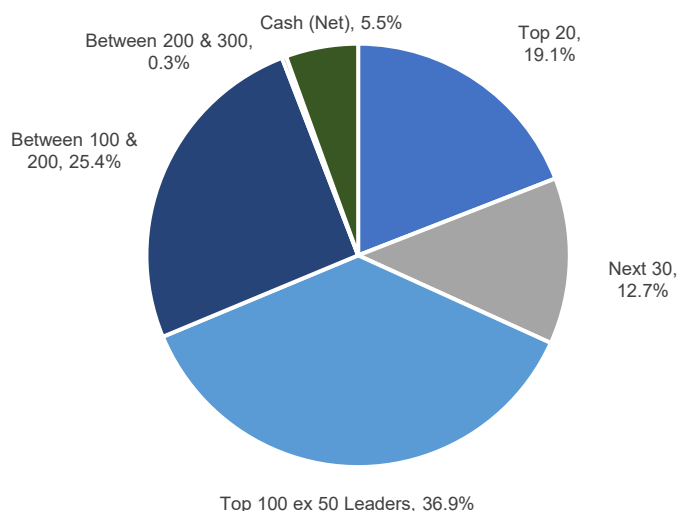
³ The Inception Date for the class is 1 February 2018. Strategy Inception date is 31 May 2010.

Source: Fidante Partners Limited, 31 March 2026.

Sector Exposures



Market Cap Bands



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Performance update

The Merlon Concentrated Share Strategy outperformed by 2.6% in the March quarter (5.0% in the month), rising 1.0% before fees while the ASX200 fell 1.6%. Over 5 years, the strategy has returned 78% after fees versus the index's 51%.

The quarter saw a February all-time high before a sharp reversal in March. The war in Iran – lifting oil prices 80% in 2026 and disrupting fertiliser and petrochemical supply chains – compounded pre-existing inflationary pressure and structural weakness in tech and private credit.

Thematic tailwinds favoured Merlon's bottom-up investments in Energy and defensive Industrials, while avoiding expensive growth stocks and rate-sensitive REITs. Zero Bank exposure remained a headwind despite rising recessionary risks. Alongside oil, lithium, coal and gold remained firm while risk-free rate increased.

Key portfolio contributors included Santos, though only pricing in \$75 long-term oil, Woolworths, posting 14% earnings growth and regaining share, Ramsay Healthcare, growing top-line strongly and divesting France, Aurizon Rail, with inflation-linked returns and 50% higher dividend, and AGL, improving margins and growing battery capacity.

Detractors included not owning BHP and CBA – an eye-watering 21% of the index that impacted relative performance by 2.3% – along with Treasury Wines, with US distribution woes although Penfolds is improving, AMP, following an earnings downgrade despite trading below cash backing, and Fletcher Building, amid NZ cyclical 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 investing where the market has become too pessimistic – and without regard to index weights – should fare well against a benchmark highly concentrated in macro sensitive stocks on elevated multiples, especially amid heightened inflation risk and slowing growth.

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.