Monthly Fact Sheet - July 2026

Merlon Capital Partners

Merlon Concentrated Australian Share Fund

About Merlon

Merlon Capital Partners is an Australian-based boutique fund manager established in May 2010.
We partner with advisers and long-term investors seeking conviction, discipline and trusted stewardship through market cycles. Merlon invests with an absolute-return mindset focused on protecting and growing capital in uncertain markets.

Fund Features

Proven Investment Philosophy: We believe people are motivated by short-term outcomes, over emphasise 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.

Portfolio Managers

Neil Margolis
Founded Merlon Capital Partners in May 2010. Prior to Merlon, Neil was Portfolio Manager of Challenger Limited’s Australian Share Income Fund, having established the strategy in 2005. Neil joined Challenger in 2004 as a Senior Industrials Analyst from Alliance Capital Management where he held the position of Senior Equities Analyst. Neil was with Alliance for three years, and prior to that worked for JP sMorgan Investment Bank. Neil holds a B.BusSc (Hons), CA and CFA.

Fund Objective

The Fund aims to outperform the benchmark on a total return basis over the medium to long term.

Fund Facts

Fund inception date	1st February 2018
Merlon FUM	$1,008m
Strategy FUM	$390m
Fund FUM	$231m
Management fee	0.52% p.a
Performance fee	20% of the Fund’s daily return above the benchmark.
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)

Amcor	NIB
ASX	Ramsay Health Care
CSL	NIB
Endeavour	Sonic H'Care
Fletcher Building	Treasury Wine

* Top ten company exposures adjusted for the impact of derivatives

Investment Enquiries

To find out more about investing in the Concentrated Australian Share Fund,
peak to your financial planner or contact Jack Dooley: jdooley@merloncapital.com

Fact Sheet

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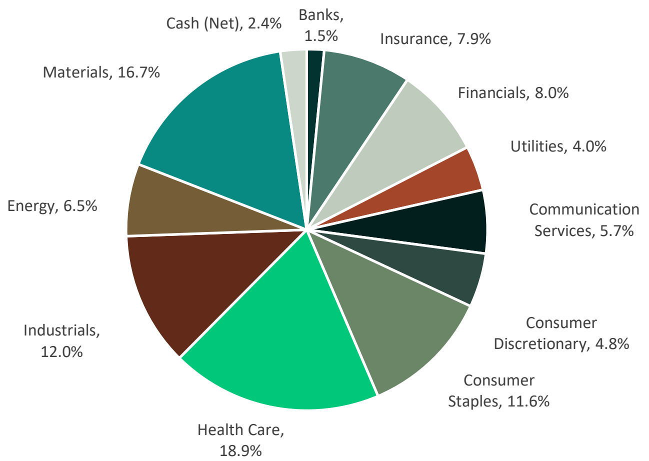
Merlon Capital Partners

Fund Performance (net of fees)

%[1]	Fund	Benchmark[2]	Excess
Since Inception (p.a.)			
7 Years (p.a.)	9.7	7.9	1.8
5 Years (p.a.)	12.2	8.0	4.2
3 Years (p.a.)	10.1	10.4	-0.3
1 Year	9.9	6.0	3.9
FYTD	5.0	2.3	2.7
CYTD	10.4	4.7	5.7
Quarter	8.7	4.1	4.6
Month	5.0	2.3	2.7

1 Performance figures are calculated after fees have been deducted and assumed 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

Top 20, 9.0%	Between 100 & 200, 29.3%
Next 30, 21.2%	Between 200 & 300, 0.0%
Top 100 ex 50 Leaders, 36.8%	ASX200 Futures , 0.0%
Cash (Net), 2.4%	

Performance update

The Merlon Concentrated Share Fund advanced 5.0% after fees in July, outperforming the ASX200 (+2.3%) by 2.7%. Over 5 years, the strategy has outperformed by 5.2% per annum after fees and over 7 years, it has returned 92% after fees versus the index's 70%.

The month saw markets advance despite rising bond yields and widening credit spreads, as sticky inflation cemented expectations for an August RBA rate hike. The top performing sectors were Energy, with oil rallying 21% on renewed war concerns, and Banks, a perceived earnings beneficiary of higher rates in the short-term, despite NAB's new mortgage applications falling 15% in the June quarter. Laggard sectors included Technology and Materials, taking a breather but still up 47% over the year. The Australian dollar rose 2%, and global cyclicals underperformed defensives by 4%.

Key portfolio contributors included AMP with its China partnership driving a profit guidance upgrade; South32, agreeing to sell its aluminium business to Alcoa; Santos with higher oil and reconfirmed production guidance; Fletcher Building on a positive trading update; and Endeavour Group.

During the period, an equally weighted index of stocks we covered underperformed the ASX200 capitalisation weighted index by 1.3%, mainly due to the index heavyweight Banks outperforming. Stock-specific detractors included Iluka, with commissioning delays overshadowing strategic progress in rare earths; and Reliance Worldwide, where near-term restructuring costs overshadowed long-term manufacturing efficiency gains.

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.

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