Monthly Fact Sheet · August 2026

Merlon Australian Share Income Fund

Merlon Capital Partners

About Merlon

Merlon Capital Partners is an employee owned 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 Objective

The Fund aims to provide a higher level of tax effective income with a lower level of risk than the S&P/ASX 200 Accumulation Index, whilst also aiming to outperform the benchmark on a total return basis over the medium to long term.

Fund Features

Sustainable Income — Monthly, largely franked, targeting consistent above-market yield.

Downside Protection — Derivatives reduce market exposure by ~30% while retaining 100% of franked dividends.

Proven Investment Philosophy — We believe people are motivated by short-term outcomes, over emphasise recent information and are uncomfortable having unpopular views.

Non-benchmark — A portfolio of 25-35 companies constructed without regard to benchmark weights.

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.

Investment Team

Neil Margolis
Co-founder, Portfolio Manager
28 years experience

Hamish Carlisle
Co-founder, Portfolio Manager
31 years experience

Andrew Fraser
Co-founder, Portfolio Manager
24 years experience

Kirit Hira
Portfolio Manager
20 years experience

Joey Mui
Portfolio Manager
13 years experience

Rebecca Greige
Sustainability Manager
11 years experience

Fund Facts

Fund inception date	30th September 2005
Merlon FUM	$1,048m
Strategy FUM	$636m
Fund FUM	$479m
Management fee	0.95% p.a.
Minimum Investment	$10,000
Suggested timeframe	At least 5 years
Buy/Sell Spread	+0.20% / -0.20%
Distribution Frequency	Monthly
APIR Code	HBC0011AU

Top Ten Holdings

AGL Energy	NIB Holdings
Amcor	Ramsay Health Care
ASX	Sonic Healthcare
CSL	South32
Endeavour Group	Treasury Wine Estates

Listed alphabetically. Adjusted for the impact of derivatives.

Investment Enquiries

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

Jack Dooley
Client Relationship Manager

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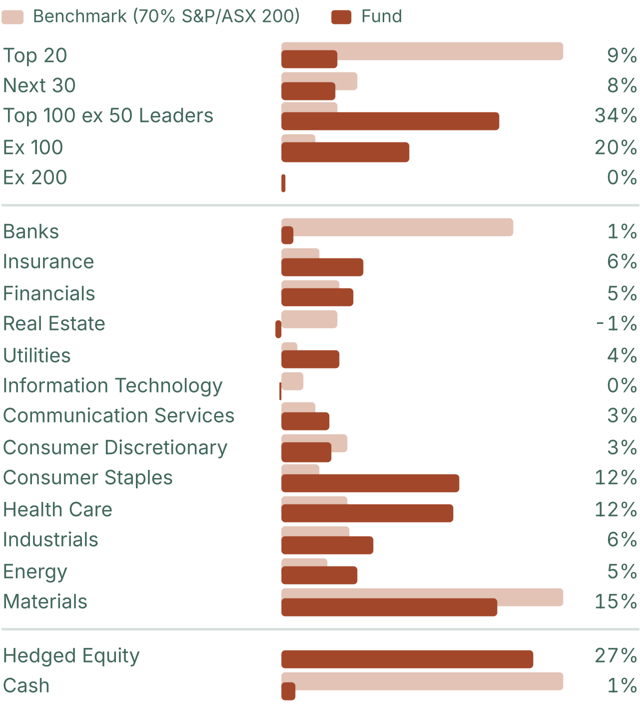
Fund Performance (%, net of fees)

PERIOD	FUND[1]	BENCHMARK[2]	EXCESS	YIELD[4]
Month	**3.8**	1.3	2.5	0.6
Quarter	**11.9**	3.6	8.3	1.5
1 Year	**12.6**	5.1	7.5	6.5
3 Years (p.a.)	**10.7**	10.0	0.6	6.3
5 Years (p.a.)	**11.0**	7.5	3.4	6.4
7 Years (p.a.)	**9.6**	7.8	1.8	6.5
15 Years (p.a.)	**9.7**	8.6	1.1	7.4
15 Years (total)	**4.0x**	3.4x	58%	–

1 Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. All returns are grossed up for franking credits. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.
2 The Fund's benchmark is a composite of 70% S&P/ASX 200 Accumulation Index / 30% Bloomberg Ausbond Bank Bill Index and is used for all time periods. From 30 September 2005 to 16 May 2022, the Fund's benchmark was the S&P/ASX 200 Accumulation Index.
3 The Inception Date for the Fund is 30 September 2005.
4 Yield represents the Gross distribution yield (inclusive of franking credits).
5 In line with the Fund's benchmark change, the Fund's objective was also amended on 16 May 2022 to include a total return objective.

Market Cap Bands & Sector Exposures



Negative sector exposures reflect the index component of the hedged equity.

Performance Update

Market Backdrop

In August, the ASX200 returned 1.7%, including franking. Reporting season was better than feared, heavily driven by margins and cost control as revenue growth remained soft. Market leadership rotated: Healthcare (+19%) and Materials (+12%) contributed primarily, while Financials and Retail detracted amid slowing loan growth, margin and cost-of-living pressures. Precious metals and copper rallied despite bond yields reaching 15-year highs.

Non-Benchmark Construction

Merlon portfolios are constructed without regard to index weights. When very large cap stocks underperform, the portfolio typically delivers higher relative returns. This provides strong diversification benefits for index-aware investors. During August, an equally-weighted index of stocks we covered outperformed the cap-weighted ASX200 by 4.5%, providing a meaningful tailwind.

Hedge Overlay

The Strategy is constructed to deliver a risk profile equivalent to 70% equity and 30% cash exposure, while retaining full exposure to majority franked dividends. The underlying share portfolio matched the Concentrated Strategy's outperformance, while the yield and hedge overlay detracted 1.8%, as expected given the underlying portfolio strength.

Sector & Stock Selection

Benchmark construction aside, sector allocation benefited from being underweight Banks & Real Estate but was held back by Industrials over-exposure and Materials & Energy under-exposure.

Stock selection was broadly neutral. Industrials stock selection added 1.2%, driven by CSL, Ramsay Healthcare, Reliance Worldwide and JB Hi-Fi (not held), while Sonic, Endeavour and Ansell (not held) detracted. Materials & Energy selection detracted 1.9%, driven by Aurizon and Santos. Financials selection added 0.7%, driven by Steadfast, while NIB Holdings detracted.

Portfolio Positioning

On our internal metrics, the portfolio offers 19% valuation upside compared to 15% downside for the ASX200. The portfolio beta is 0.4, indicating the fund may underperform a strong market and outperform a weaker market. Relative to the ASX200, the fund is significantly underweight Banks and overweight Staples. The fund's active share is 64% highlighting how different it is to the index overall.