

Merlon Concentrated Australian Share Fund - Class A



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

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.

Non-benchmark — 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

Fund inception date	1st February 2018
Merlon FUM	\$924m
Strategy FUM	\$291m
Fund FUM	\$126m
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

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

Top Ten Holdings

AGL Energy	Fletchers
Amcor	Ramsay Health Care
ASX	Santos
Aurizon Holdings	South32
Endeavour Group	Treasury Wine Estates

Listed alphabetically.

Investment Enquiries

To find out more about investing in the Merlon Concentrated Australian Share 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
Month	-1.4	-2.4	1.0
Quarter	8.6	1.3	7.3
1 Year	15.9	2.7	13.2
3 Years (p.a.)	13.6	11.4	2.2
5 Years (p.a.)	11.5	7.7	3.8
7 Years (p.a.)	10.1	7.9	2.3

Strategy Performance (% , before fees)

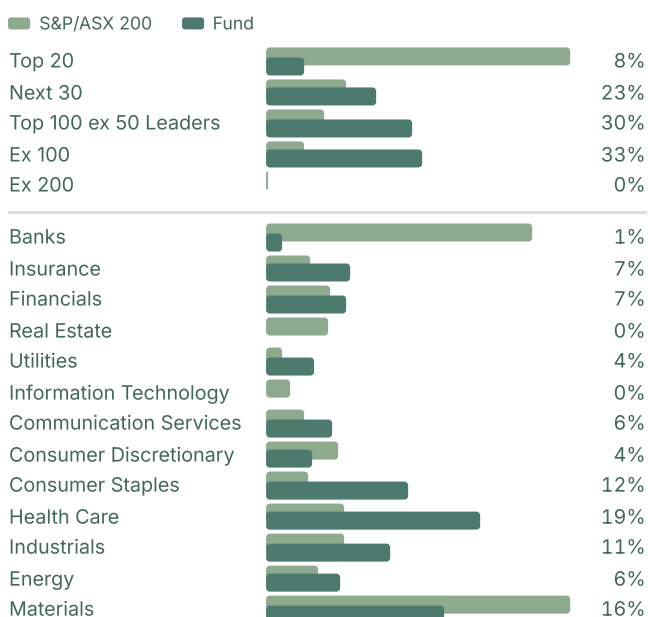
15 Years (p.a.)	11.9	9.8	2.2
15 Years (total)	5.4x	4.0x	137%

¹ Performance figures 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.

Market Cap Bands & Sector Exposures



Performance Update

Market Backdrop

The ASX200 index returned -2.1% during the month. Materials & Energy led the fall, posting a return of -4%. This was offset by Banks & Real Estate, returning -1%. Over the period, real rates rose 0.5% as financial conditions tightened, and the Australian dollar fell 3%.

Non-Benchmark Construction

Merlon portfolios are constructed without regard to index weights. When very large cap stocks underperform, the portfolio typically delivers higher returns. During September, an equally-weighted index of stocks we covered underperformed the cap-weighted ASX200 by 0.9%, imposing a meaningful headwind.

Sector & Stock Selection

Sector allocation decisions detracted 0.3% from performance. Under-representation in the Banks & Real Estate sector detracted 0.3%.

Stock selection decisions added 2.4% to performance. In the Industrials sector, stock selection added 1.1%, driven by Ramsay Health Care, Xero (not held), Reliance Worldwide Corporation and CSL, while Codan (not held) and Fletchers detracted. In the Materials & Energy sector, stock selection added 0.6%, driven by Santos, while Iluka Resources detracted. In the Financials sector, stock selection added 0.9%, driven by ASX.

Portfolio Positioning

On our internal metrics, the portfolio offers meaningful valuation upside compared to modest downside for the ASX200. The portfolio beta is 0.8, 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 Health Care. The fund's active share is 87% highlighting how different it is to the index overall.

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