Monthly Fact Sheet · October 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



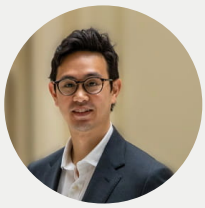
Hamish Carlisle
Co-founder, Portfolio Manager
31 years experience



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	$952m
Strategy FUM	$650m
Fund FUM	$491m
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	Ramsay Health Care
Amcor	Seek
ASX	Sonic Healthcare
Endeavour Group	South32
NIB Holdings	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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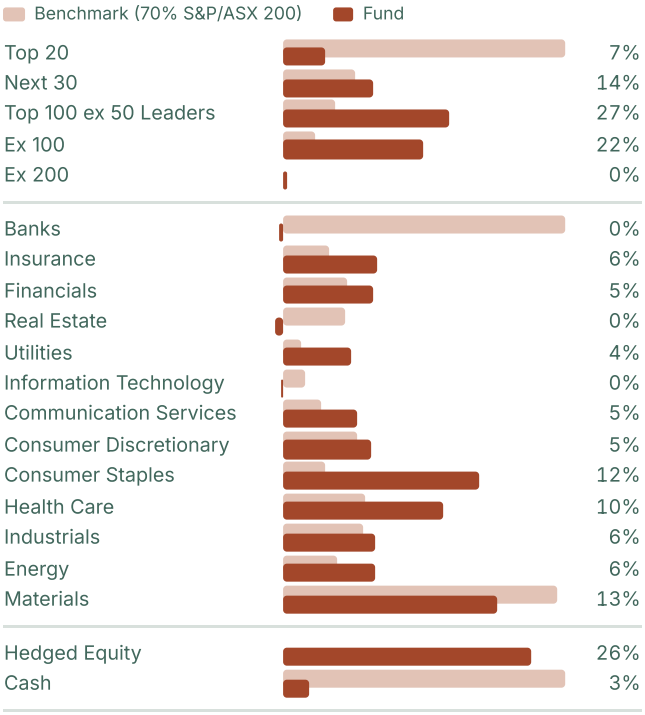
Merlon Capital Partners

Fund Performance (%, net of fees)

PERIOD	FUND[1]	BENCHMARK[2]	EXCESS	YIELD[4]
Month	**2.7**	1.1	1.6	0.4
Quarter	**6.5**	1.0	5.5	1.8
1 Year	**16.9**	4.7	12.1	6.4
3 Years (p.a.)	**13.8**	11.5	2.4	6.5
5 Years (p.a.)	**11.4**	7.7	3.7	6.4
7 Years (p.a.)	**9.8**	7.6	2.2	6.5
15 Years (p.a.)	**9.7**	8.5	1.2	7.4
15 Years (total)	**4.0x**	3.4x	59%	–

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

The ASX200 index returned +1.4% during the month. Industrials, Banks & Real Estate and Financials led the rise, posting returns of 6%, 5% and 4% respectively. This was offset by Materials & Energy, returning -8%. Over the period, real rates fell 0.3% as financial conditions loosened, oil prices rose 3%, and global cyclicals underperformed defensives by 13%.

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 October, an equally-weighted index of stocks we covered underperformed the cap-weighted ASX200 by 2.1%, imposing a meaningful headwind.

Hedge Overlay

The portfolio's hedge overlay added 0.3% over the period.

Sector & Stock Selection

Sector allocation decisions added 1.8% to performance. Over-representation in the Industrials sector added 1.5%; Under-exposure to the Materials & Energy sector added 0.9%; A tilt away from the Banks & Real Estate sector detracted 0.6%.

Stock selection decisions added 1.3% to performance. In the Materials & Energy sector, stock selection added 1.8%, driven by AGL Energy.

Portfolio Positioning

On our internal metrics, the portfolio offers 19% valuation upside compared to 14% downside for the ASX200. The portfolio beta is 0.5, 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 65% highlighting how different it is to the index overall.

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