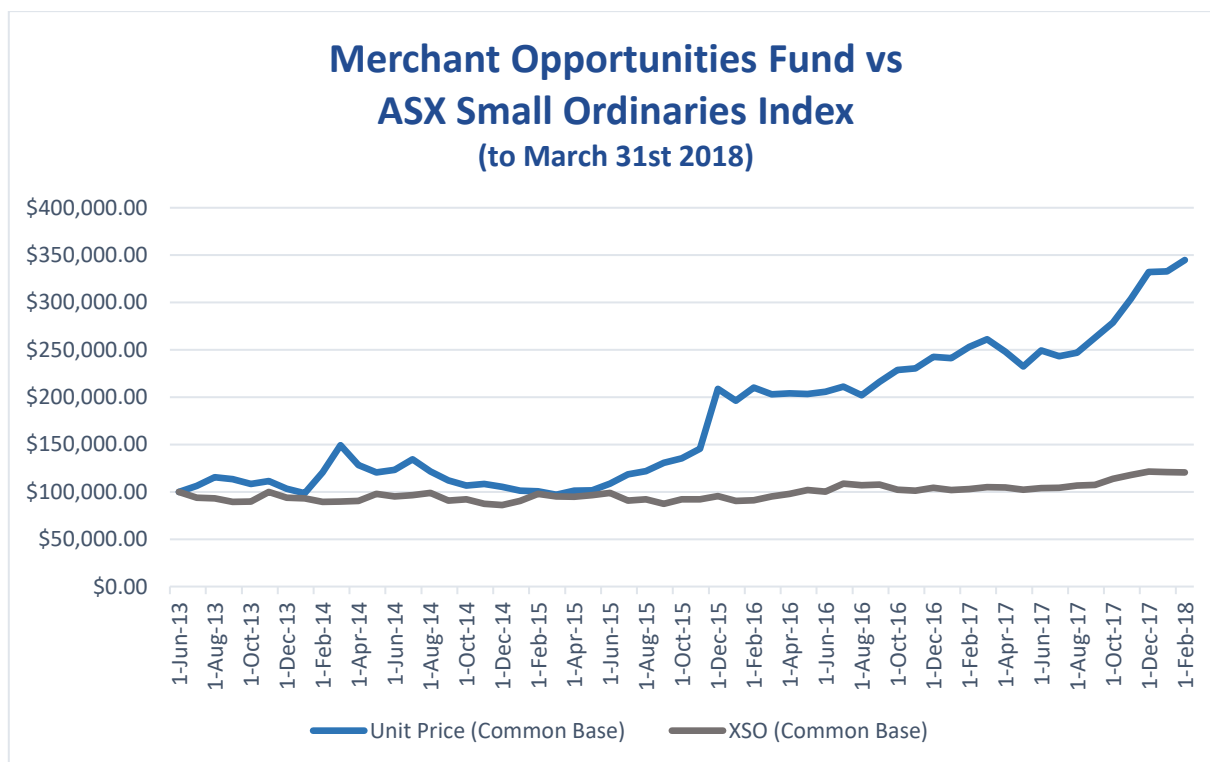


31 March 2018

## Fund Statistics Table

Features	Summary
<b>Unit Price</b>	\$1.9143 (unaudited)
<b>Units on Issue</b>	31,555,408.53
<b>Fund NTA</b>	\$60,406,518.55
<b>6-month performance to 31<sup>st</sup> March</b>	<b>39.05% net after fees</b>
<b>Investment Style</b>	Opportunistic
<b>Fund Status</b>	Open only to Sophisticated Investors Redemptions – quarterly
<b>Fund Universe</b>	Listed & Unlisted Micro Cap Companies

## Fund Performance (\$100,000 invested in June 2013)



## Fund Commentary

Continuing on from the last quarter the MOF is up again to March 31<sup>st</sup> – with Financial Year to Date gains of **39.05% net of fees**.

Whilst the broader US Market and now the Australian Market, are both in the throes of volatility we are optimistically cautious with our current investments.

Recent gains across many sectors have been eroded toward the end of the quarter with the Trump Administration's tariff proposal sending reverberations through the market and making picking a sector that will benefit, extremely difficult.

What has been consistent throughout the Trump Administrations tenure has been their message on the American opioid addiction calling it a national crisis. With mortality rates increasing for the first time in decades the government has taken to Twitter and every other media outlet to condemn the increase and has acted to eradicate opioids from consumption. Opioids are the key input to Morphine and used to treat chronic pain with the logical replacement being Cannabinoids (Medical Cannabis). So, if anything, President Trump is helping our investments in this sector with "The Crisis Next Door" campaign and we should continue to see outperformance as our investments and this sector matures over the coming months and years.

### **1-Page Limited (ASX; 1PG)**

One of our larger and certainly more topical holdings is 1-Page Limited. 1-Page has been suspended for the last 12 months and we have led a total shut down of the existing business. We have spent considerable time and resources finding a suitable replacement, so we can relist the Company on the ASX.

After months of searching, 1-Page has inked a deal with a German Medicinal Cannabis company called HAPA. Once the transaction is completed, the merged entity will be called EuroCann, short for European Cannabis Corporation Limited. With an established clinic already in Germany and more planned, we expect the German market place to eclipse both the Canadian and Australian markets in size and revenue in the very near future and we are ideally positioned to capitalise on this growth.

## Fund Applications

After 5 years of outperformance against all indexes, we are opening the MOF up to new investors (sophisticated only) and we will look to increase the Funds Under Management to a maximum of \$100m.

We feel that given the returns have been strong over the last 5 plus years, our investment thesis is proven. We are still seeing enough quality deal flow and opportunity to deploy capital in this market.

## The top 10 equity holdings in the MOF (in no order) as at the time of writing are:

PolyNovo Limited
Kontrarian Resources Fund Pty Ltd
CannPal Animal Therapeutics Limited
1-Page Limited (to be renamed European Cannabis Corporation Limited)
Intiger Group Limited
Zelda Therapeutics Limited
Frugal Limited
Brookside Energy Limited
SAS Global Limited
Rate My Agent Pty Limited

## Redemptions & Applications

The MOF is currently open to new sophisticated investors only. We intend to cap the fund at \$100m and take no further applications.

All information relating to applications and redemptions can be found on the website.

As always, should you have any queries please visit our website [www.merchantfunds.com.au](http://www.merchantfunds.com.au) where you will find historical data and relevant forms and information to manage your holding, or please feel free to call either Chris or I on the numbers below.

Regards,



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