



## MERCHANT LEADERS FUND

Again, another challenging month across the ASX with the market coming under pressure since 1 July. The Merchant Leaders Fund has held ground this month despite the broader indexes falling. Gains have come from Crown Resorts Limited (ASX: CWN), Charter Hall Group (ASX: CHC) and Northern Star Resources Ltd (ASX: NST), with the major resource stocks under pressure so far this financial year.

The Fund received dividends from Janus Henderson Group PLC (ASX: JHG) during the month of August, with BHP Billiton Limited (ASX: BHP) (\$0.8855 per share); Bluescope Steel Limited (ASX: BSL) (\$0.08 per share); Rio Tinto Limited (ASX: RIO) (\$1.7084 per share); and Whitehaven Coal Limited (ASX: WHC) (\$0.14 per share) all gone ex-dividend entitlement with dividend payments to be received late September and early October. Including franking credits, we estimate the MLF will receive dividends in September and October of circa 2% of the total value of the Fund, thereby protecting the Fund further from the current market fluctuations.

With a Long/Short Ratio of 70/30, we are confident that leading into some volatility, the Fund is well protected to preserve its capital base.

**The current Unit Price is \$0.9673 per unit.**

## ABOUT MERCHANT LEADERS FUND

In July 2018, Merchant launched a new fund called the Merchant Leaders Fund. The Merchant Leaders Fund provides clients with broader exposure to Australia's leading companies, using bespoke quantitative analysis to identify stocks in the ASX-100 that are expected to outperform and underperform, with investments made accordingly.

The Fund is intended to generate total returns over and above the ASX 100, after all fees and expenses.

The Merchant Leaders Fund is now open for investors.

The Fund is open for new applicants, with a minimum initial investment amount of A\$100,000.

## MERCHANT LEADERS FUND

### TOP 10 and BOTTOM 10 RANKED ASX LISTED COMPANIES

TOP 10 RANKED		BOTTOM 10 RANKED	
South 32 Limited	S32	Transurban Group	TCL
BHP Billiton Limited	BHP	Aust. and New Zealand Banking Group Ltd	ANZ
Rio Tinto Limited	RIO	Orica Limited	ORI
Northern Star Resources Ltd	NST	Healthscope Limited	HSP
Charter Hall Group	CHC	National Australia Bank Limited	NAB
Crown Resorts Limited	CWN	Bank of Queensland Limited	BOQ
Janus Henderson Group PLC	JHG	Newcrest Mining Limited	NCM
Whitehaven Coal Limited	WHC	Spark Infrastructure Group	SKI
BlueScope Steel Limited	BSL	AusNet Services Limited	AST
Aristocrat Leisure Limited	ALL	TABCORP Holdings Limited	TAH



## MERCHANT OPPORTUNITIES FUND

It was also another tough month in the Small Cap. end of the market with the ASX Emerging Market Index down approximately 3% for the month. The resource trade continued to reverse in the month of August, taking losses in this sector to two consecutive months. Highly likely driven by both the domestic and international political situation – the emerging market trade has certainly come to a halt recently with a lot of metals and commodities under pressure.

We have been active recently in the Biotech space, acquiring substantial stakes in two blood test companies – Sienna Cancer Diagnostics Limited (ASX: SDX) and Rhythm Biosciences Limited (ASX: RHY). We have also purchased a small stake in a private company that does similar testing, although a lot earlier stage.

During the month, we saw the listing of RMA Global Limited (ASX: RMY) at \$0.25 compared to our overall cost base of \$0.10 per share. We expect as RMY expands into the US market and follows the same trajectory as the Australian market, this stock will move upwards towards our initial target price of \$0.50 per share.

Like RMY, we are expecting another of our seed investments to come to market very soon – archTIS Limited (ASX:AR9). archTIS provides cyber security services to both Governments and Corporates, archTIS is well funded, well managed and well positioned in Canberra to capitalise on what is going to be a massive industry.

**DISCLOSURE:** During the month of August, entities associated with myself and Chris Mews purchased approximately 987,881 units in the MOF. My personal entities now hold 1,743,499 units in the MOF.

## ABOUT MERCHANT OPPORTUNITIES FUND

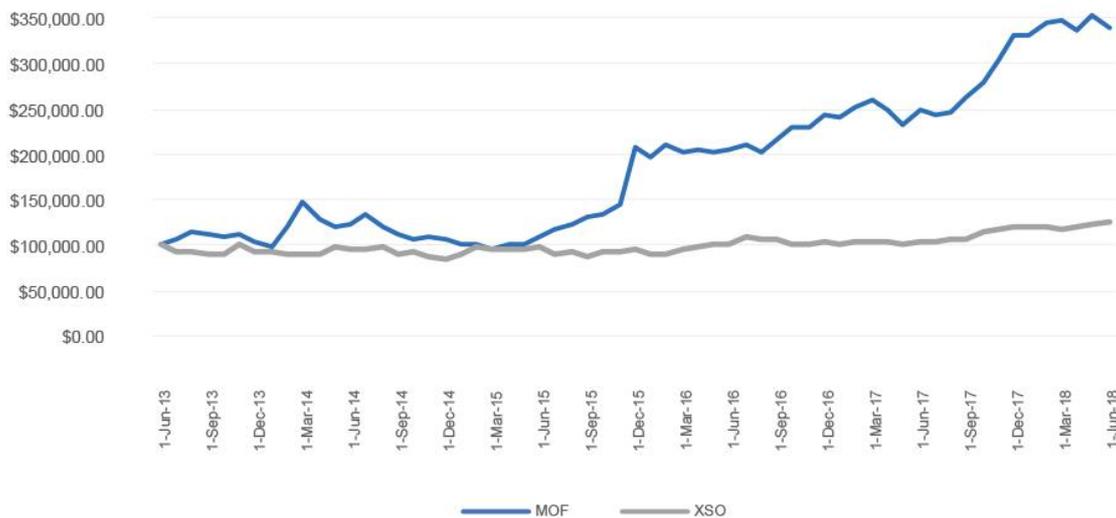
The Merchant Opportunities Fund enables investors to get exposure to early-stage opportunities. This includes both early-stage ASX-listed companies or those soon to be listed. Through our comprehensive and strong networks, the Merchant Opportunities Fund provides investment opportunities that our clients could not necessarily find themselves, such as investing in companies at the pre-IPO stage.

The Merchant Opportunities Fund has consistently outperformed, with returns (after fees) well ahead of the ASX Small Ordinaries Index over a 1-year, 3-year, and a 5-year period.

Unit Price as at  
31 August 2018

**\$1.8848**

### MERCHANT OPPORTUNITIES FUND - PERFORMANCE MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX As at 30 JUNE 2018



## DISCLOSURE

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Merchant Leaders Fund is a wholesale only Fund managed by Merchant Funds Management Pty Ltd (ACN 154 493 277) under an agreement with CIPL Licensing Limited, AFSL 471728.

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