

MERCHANT LEADERS FUND

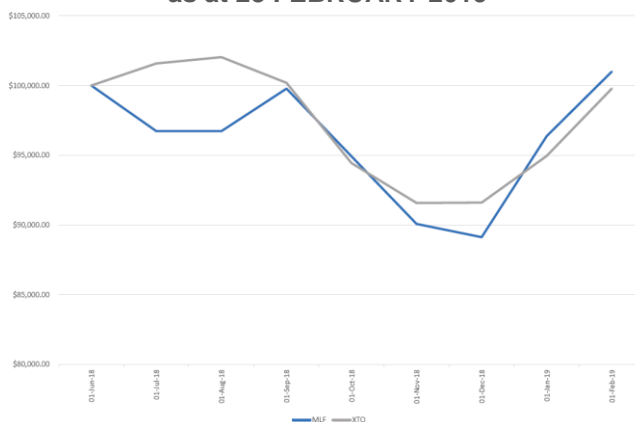
The Merchant Leaders Fund (MLF or Fund) is performing in line with our expectations. Currently the MLF is up 1% for the Financial Year against an Index (ASX 100) that is down 2.03% over the same period.

Over the last month a number of companies in the MLF portfolio went ex dividend so we are expecting substantial cash flow into the portfolio over the next few weeks. We did not make any portfolio changes in the last month and will look to adjust the portfolio per our investment strategy on April 1st in accordance with the portfolio model.

Positive contributions to the MLF came from all companies within the portfolio as the ASX marched toward 12 month highs at the end of February. We elected to sell down a portion of the portfolio during the month with a view to banking profits and the MLF is now sitting on circa 10% in cash and a further 10% in fixed interest type investments, ready for any market pullback.

Whilst the bounce in the market has been relatively quick, we remain cautiously optimistic at the moment and are happy with only approximately 80% of the Fund's assets invested in the ASX at this time.

MERCHANT LEADERS FUND - PERFORMANCE
MERCHANT LEADERS FUND V ASX100
as at 28 FEBRUARY 2019



MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

TOP 10 RANKED

South 32 Limited	S32
JB HIFI	JBH
Rio Tinto Limited	RIO
Scentre Group	SCG
Charter Hall Group	CHC
Magellan Financial	MFG
Janus Henderson Group PLC	JHG
Whitehaven Coal Limited	WHC
BlueScope Steel Limited	BSL
Dexus	DXS

BOTTOM 10 RANKED

Transurban Group	TCL
Aust. and New Zealand Banking Group Ltd	ANZ
Orica Limited	ORI
Healthscope Limited	HSP
National Australia Bank Limited	NAB
Bank of Queensland Limited	BOQ
Newcrest Mining Limited	NCM
Spark Infrastructure Group	SKI
AusNet Services Limited	AST
TABCORP Holdings Limited	TAH

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.

Unit Price as at
28 February 2019

\$1.0100



MERCHANT OPPORTUNITIES FUND

Whilst the bounce in the overall ASX began in early January and extended through February, the XSO (ASX Small Companies Index) remained relatively benign through the same period. The XSO remains down just over 5% for the financial year to date.

The Merchant Opportunities Fund (MOF) has held up well, however it is also down approximately 3% for the same period. We have had pullbacks in a lot of our listed holdings over the 2019 calendar year as liquidity really dried up - with the exception of PolyNovo Limited (PNV) which closed the end of February at \$0.79 per share. We still believe there is more upside left in this company and are not selling at this time.

With the broader market almost back at 2019 FY highs we are expecting the smaller companies index to rally into the end of the financial year as it plays catch up to the bigger blue chip stocks.

We haven't traded the portfolio much in these last 2 months and instead have elected to sit on most of the current holdings into the rally. The exception has been Hills Limited (HIL) which is the company behind the old Hills Hoist. Along with a couple of other investors the MOF has built a 5% holding in this company and will look to engage with management to assist with the quicker transformation of the company and hopefully see the re-valuation of the share price to the levels we believe it is worth from our internal research.

ABOUT MERCHANT OPPORTUNITIES FUND

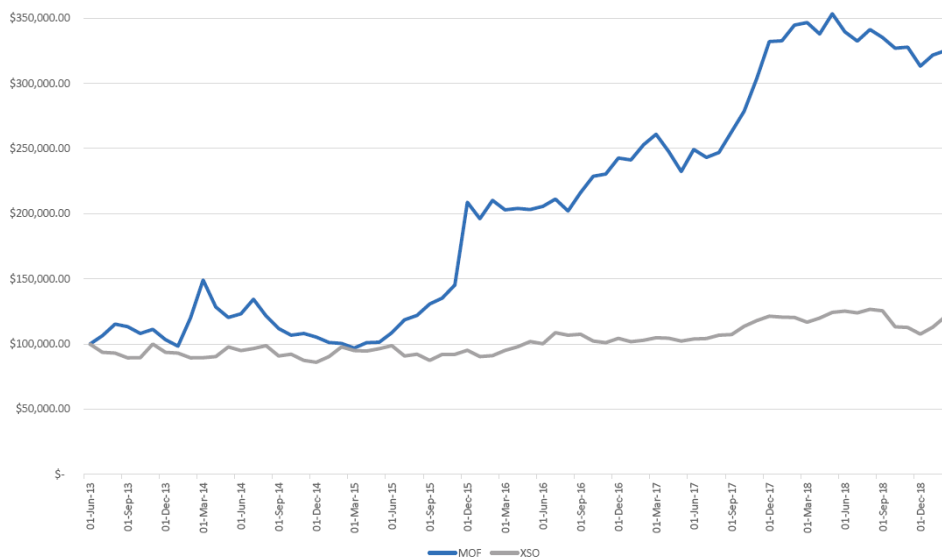
The Merchant Opportunities Fund enables investors to get exposure to early-stage opportunities. This includes both early-stage ASX-listed companies or those soon to be listed. Through our comprehensive and strong networks, the Merchant Opportunities Fund provides investment opportunities that our clients 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
28 February 2019

\$1.7956

MERCHANT OPPORTUNITIES FUND - PERFORMANCE MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX as at 28 FEBRUARY 2019



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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