

MERCHANT OPPORTUNITIES FUND

ARSN 111 456 387

INTERIM FINANCIAL REPORT
For the six months ended 31 December 2018

Merchant Opportunities Fund
ARSN 111 456 387
For the six months ended 31 December 2018

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Merchant Opportunities Fund
ARSN 111 456 387
Corporate Directory

Responsible Entity

CIP Licensing Limited

Directors of the Responsible Entity

David McKay French	-	Executive Chairman
Owen Evans	-	Non-Executive Director
Lance Livermore	-	Non-Executive Director
Christopher Heyworth	-	Executive Director
Nigel Allfrey	-	Non-Executive Director

Secretary

Richard Symons

Registered Office

CIP Licensing Limited
Suite 1B 103 Bolsover Street,
ROCKHAMPTON QLD 4700

Auditors of the Fund

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

Merchant Opportunities Fund
ARSN 111 456 387
Directors' Report
For the six months ended 31 December 2018

The Directors of CIP Licensing Limited (ABN 63 603 558 658), the Responsible Entity of Merchant Opportunities Fund ("the Fund"), submit their report for the Fund for the six months ended 31 December 2018, and the auditor's report thereon.

Directors

The names of the directors of the Responsible Entity in office during the period and until the date of this report are:

David McKay French – B.Econs, Dip.Corp Management, Executive Director (appointed 6 January 2015)

David French is the Managing Director. David was responsible for building Capricorn Investment Partners Limited (CIPL) from scratch. CIP Licensing Limited is a special purpose AFS licencing vehicle which was created as part of a restructure of CIPL. The business now looks after about \$700 million in investments including those held in two managed investment schemes. David has more than 20 years' experience in finance and economics, most of which have been in investment markets.

Owen Evans - BA (Hons), MSc(Econ), Non Executive Director (appointed 6 January 2015)

Owen Evans is a non-executive Director. Mr Evans is an experienced investment professional with almost 30 years' experience in research, valuation and funds management. He has been rated number one analyst for building materials, construction and emerging companies while at UBS Australia and judged Money Management Fund Manager of the Year in 2005 and 2006 as Chief Investment officer at MIR Australia. Between 1997 and 2010, Mr Evans was sole analyst on the IPO's of Bristle, AWB, Transfield Services, Worley Parsons and NRW. He is currently principal of Yaz Investment Pty Ltd, and provides consulting services for mid-sized Australian Companies such as Adelaide Brighton, Brickworks Ltd, Calibre Global and Dulux. He also provides investment consulting advice for global fund managers. Mr Evans is currently non-Executive President of the Manly Warringah Basketball Association and was a Director of the Sydney Harbour Foreshore Authority from 2011 to 2014.

Lance Livermore – Non Executive Director (appointed 22 April 2015)

Lance Livermore is a member of the Financial Planning Association and a Certified Practicing Accountant. He attained his original qualification in Albury prior to establishing himself in a financial controller role with Potter Warburg in Melbourne. He has in excess of 30 years' experience in both stockbroking and financial planning and was a founding partner of Bailey Livermore Financial Services, a predecessor organisation of the Pentad Group and Capricorn Investment Partners Limited.

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Directors' Report (continued)
For the six months ended 31 December 2018

DIRECTORS (continued)

Christopher Heyworth – Executive Director (appointed 22 April 2015)

Christopher Heyworth is a qualified accountant (Institute of Chartered Accountants in England and Wales) who has worked in the financial planning industry for more than 25 years. He is a Certified Financial Planner and has been the principal of his own business as well as working as a significant co-owner alongside others prior to the planned sale of the Pentad Group in 2013. Chris continues as an employed financial planner under the new ownership structure. Earlier career experience includes mainstream accounting and audit roles with multi-national commercial enterprises in a variety of locations.

Nigel Allfrey – Non-Executive Director (appointed 30 September 2016)

Nigel has several decades of business experience in the Australian and International Finance industry. He was Co-founder and CEO of Impact Investing Pty Ltd, a Sydney based Funds Management Financial Services Technology company that achieved global success and recognition. Prior to that he held senior portfolio management positions with leading fund management firms BlackRock and Bankers Trust. Today Nigel is Principal of the Caana Group, a private wealth management firm.

All of the above Directors have been in office from the beginning of the period until the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the six months was to invest funds in accordance with the provisions of the Fund's Constitution.

The Fund is a diversified investment fund, investing in listed and unlisted Australian shares.

There has been no significant change in the nature of this activity during the six months.

SCHEME INFORMATION

Merchant Opportunities Fund is an Australian registered scheme and was constituted on 18 October 2004. CIP Licensing Limited was appointed as the Responsible Entity of the Fund on 4 May 2015. Previously the responsible entity was Capricorn Investment Partners Limited. CIP Licensing Limited is incorporated and domiciled in Australia. Merchant Funds Management Pty Ltd, the investment manager of the Fund, is responsible for the day to day management of the Fund.

The registered office of the Responsible Entity is located at Suite 1B 103 Bolsover St, Rockhampton QLD 4700. The Custodian is the Trust Company (Australia) Limited. The registered office of the Custodian is located at 35 Clarence Street, Sydney NSW 2000.

Merchant Opportunities Fund
ARSN 111 456 387
Directors' Report (continued)
For the six months ended 31 December 2018

REVIEW OF RESULTS AND OPERATIONS

Results

The net operating income of Merchant Opportunities Fund is presented in the Statement of Comprehensive Income. Net operating loss for the six months ended 31 December 2018 was \$4,667,441 (31 December 2017 operating profit: \$14,703,284).

Distributions

No distribution will be paid for the six months ended 31 December 2018. No distributions were paid for the six months ended 31 December 2017.

SCHEME ASSETS

At 31 December 2018 Merchant Opportunities Fund held net assets of \$55,015,538 (30 June 2018: \$58,301,579).

AUDITOR'S INDEPENDENCE DECLARATION

HLB Mann Judd, our auditors, have provided a written independence declaration to the Directors of the Responsible Entity in relation to their review of the Interim Financial Report for the six months ended 31 December 2018. This independence declaration, which forms part of the Directors' Report, can be found at page 7.

This report is made in accordance with a resolution of the directors.



David French
Executive Director

Rockhampton
26 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the unitholders of Merchant Opportunities Fund

Report on the Condensed Interim financial report

Conclusion

We have reviewed the accompanying interim financial report of Merchant Opportunities Fund ("the Fund"), which comprises the condensed interim statement of financial position as at 31 December 2018, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Merchant Opportunities Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the interim financial report

The directors of CIP Licencing Limited ("the Responsible Entity") are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Fund's financial position as 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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Liability limited by a scheme approved under Professional Standards Legislation.

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A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
26 March 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Merchant Opportunities Fund for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
26 March 2019

B G McVeigh
Partner

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Merchant Opportunities Fund
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Directors' Declaration
For the six months ended 31 December 2018

In accordance with a resolution of the Directors of CIP Licensing Limited, the Responsible Entity of Merchant Opportunities Fund, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes set out on pages 9 to 21 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Fund's financial position as at 31 December 2018 and of its performance for the six months ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board
CIP Licensing Limited



David French
Executive Director

Rockhampton
26 March 2019

Merchant Opportunities Fund
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Condensed Interim Statement of Comprehensive Income
For the six months ended 31 December 2018

	Notes	31 Dec 2018 \$	31 Dec 2017 \$
Revenue			
Interest income		6,623	2,101
Net gain on financial investments through profit or loss		-	18,200,936
		<u>6,623</u>	<u>18,203,037</u>
Expenses			
Net loss on financial investments through profit or loss		(4,066,859)	-
Responsible Entity and Fund Manager fees		(407,836)	(362,991)
Auditors' remuneration		(30,500)	(26,032)
Custodian and administration fees		(22,073)	(22,582)
Compliance fees		-	(3,058)
Performance fees		-	(3,029,097)
Other expenses		(146,796)	(55,993)
		<u>(4,674,064)</u>	<u>(3,499,753)</u>
Profit/(Loss) from Operating Activities		(4,667,441)	14,703,284
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) For The Period	2(b)	<u>(4,667,441)</u>	<u>14,703,284</u>

The above condensed interim statement of comprehensive income should be read in conjunction with the accompanying notes.

Merchant Opportunities Fund
ARSN 111 456 387
Condensed Interim Statement of Financial Position
As at 31 December 2018

	Notes	31 Dec 2018 \$	30 June 2018 \$
Assets			
Cash and cash equivalents		158,910	5,056,012
Prepayments, loans and receivables:			
Prepayments, dividends and other receivables		102,301	36,775
Financial assets held at fair value through profit or loss:			
Equity investments and units in listed and unlisted schemes		54,065,157	55,510,329
Debentures and convertible notes		831,250	831,250
Total Assets		55,157,618	61,434,366
Liabilities			
Financial liabilities measured at amortised cost:			
Accrued expenses		47,145	3,037,931
Accounts payable		25,397	19,916
Responsible entity and fund manager fees payable		69,538	74,940
Total Liabilities (excluding net assets attributable to Unitholders)		142,080	3,132,787
Net Assets Attributable To Unitholders - Liability	2(b)	55,015,538	58,301,579

The above condensed interim statement of financial position should be read in conjunction with the accompanying notes.

Merchant Opportunities Fund
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Condensed Interim Statement of Cash Flows
For the six months ended 31 December 2018

	31 Dec 2018	31 Dec 2017
	\$	\$
Cash flows from operating activities		
Proceeds from sale of investments	10,605,742	6,632,683
Purchase of investments	(11,123,619)	(2,988,239)
Interest received	6,622	2,101
Payments to suppliers	(253,081)	(392,663)
Payments to responsible entity and fund manager	(3,412,766)	(1,539,451)
Net cash flows from/(used in) operating activities	<u>(4,177,102)</u>	<u>1,714,431</u>
Cash flows from financing activities		
Unit capital application	280,000	-
Unit capital redemption	(1,000,000)	(1,502,223)
Net cash flows used in financing activities	<u>(720,000)</u>	<u>(1,502,223)</u>
Net increase/(decrease) in cash and cash equivalents	(4,897,102)	212,208
Cash and cash equivalents at 1 July	5,056,012	391,352
Cash and cash equivalents at 31 December 2018	<u>158,910</u>	<u>603,560</u>

The above condensed interim statement of cash flows should be read in conjunction with the accompanying notes.

Merchant Opportunities Fund
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Condensed Interim Statement of Changes in Equity
For the six months ended 31 December 2018

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 'Financial Instruments Presentation'. As such the Fund has no equity, and no items of changes in equity have been presented for the current or comparative six months.

Merchant Opportunities Fund
ARSN 111 456 387
Notes to the condensed interim financial statements
For the six months ended 31 December 2018

Note 1 Basis of Preparation of the Condensed Interim Financial Report

(a) Reporting Entity

Merchant Opportunities Fund (the Fund) is an Australian Registered Scheme, and was constituted on 18 October 2004 under the Corporations Act 2001. The Fund is a for profit entity. CIP Licensing Limited was appointed as the Responsible Entity of the Fund on 4 May 2015. CIP Licensing Limited is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Suite 1B, 103 Bolsover St, Rockhampton QLD 4700.

Merchant Funds Management Pty Ltd is the investment manager of the Fund and is responsible for the day to day management of the Fund.

The condensed interim financial report of the Fund is for the six months ended 31 December 2018.

(b) Statement of Compliance

The condensed interim financial report is a general purpose financial report, which has been prepared in accordance with applicable accounting standards including AASB 134 'Interim Financial Reporting' and the requirements of the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The condensed interim financial report does not include all the information required for the full annual financial report and should be read in conjunction with the annual financial report of the Fund for the year ended 30 June 2018.

The condensed interim financial report was authorised for issue by the directors of the Responsible Entity on the 26 March 2019.

(c) Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial assets.

The accounting policies and methods of computation applied by the Fund in this interim financial report are the same as those applied by the Fund for the year ended 30 June 2018, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

For the purpose of preparing the interim financial statements, the six month period has been treated as a discrete reporting period. All amounts are presented in Australian dollars.

Merchant Opportunities Fund
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Notes to the condensed interim financial statements (continued)
For the six months ended 31 December 2018

Note 1 Basis of Preparation of the Condensed Interim Financial Report (continued)

(d) Standards and Interpretations applicable to 31 December 2018

In the half year ended 31 December 2018, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the scheme and effective for the current annual reporting period.

As a result of this review, the following Australian Accounting Standards were adopted for the interim reporting period ended 31 December 2018 for the first time:

Adoption of AASB 9: Financial Instruments (and applicable amendments) (“AASB 9”)

AASB 9: Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard was applicable from 1 January 2018.

The scheme has adopted AASB 9 for reporting periods commencing 1 July 2018. AASB 9 replaces the classification and measurement model in AASB 139 Financial Instruments: Recognition and Measurement with a new model that classifies financial instruments based on the business model within which the financial instruments are managed, and whether the contractual cash flows under the instrument solely represent the payment of principal and interest.

Under the new standard, financial instruments are classified as:

- amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI);
- fair value through other comprehensive income if the objective of the business model is to hold the financial instruments to collect contractual cashflows from SPPI and to sell; or
- all other financial instruments must be recognised at fair value through profit or loss. An entity can, at initial recognition, also irrevocably designate a financial instrument as measured at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading,

AASB 9 has been applied retrospectively by the registered scheme and did not result in a change to the classification or measurement of financial instruments. Further, there has been no change required to the accounting measurement of debt instruments held by the scheme. The derecognition rules have not been changed from previous requirements and the registered scheme does not apply hedge accounting.

Merchant Opportunities Fund
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Notes to the condensed interim financial statements (continued)
For the six months ended 31 December 2018

Note 1 Basis of Preparation of the Condensed Interim Financial Report (continued)

Financial instruments Classification

The scheme classifies its investments based on its business model for managing those investments and their contractual cash flow characteristics. The scheme's portfolio of financial assets and financial liabilities is managed and performance is evaluated on a fair value basis in accordance with the scheme's documented investment strategy. The scheme's policy is for the Responsible Entity to evaluate the information about its investments on a fair value basis together with other related financial information.

For any equity security and forward currency contracts, the contractual cash flows held by the scheme are not solely principal and interest. Consequently, these investments are measured at fair value through profit or loss.

Recognition

The scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognises changes in the fair value of financial assets or financial liabilities from this date. Investments are derecognised when the contractual right to receive cash flows from the investments have expired or have been transferred, and the scheme has transferred substantially all of the risks and rewards of ownership.

Measurement

At initial recognition, the scheme measures financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within "Net gain/(loss) on financial investments through profit or loss" in the period in which they arise.

For further details on how the fair values of the financial assets and liabilities held at fair value are determined, please see note 7 to the financial statements.

Merchant Opportunities Fund

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Notes to the condensed interim financial statements (continued)

For the six months ended 31 December 2018

Note 2 Net assets attributable to unitholders	Six months to 31 December 2018	Year to 30 June 2018
(a) Units on issue	Number	Number
Units on issue as at beginning of reporting period	31,095,561	32,784,697
Units issued during reporting period	1,268,363	53,596
Units redeemed or otherwise cancelled during reporting period	(541,554)	(1,742,732)
Units on issue as at the end of the reporting period	<u>31,822,370</u>	<u>31,095,561</u>
	Six months to 31 December 2018	Year to 30 June 2018
(b) Movement in net assets attributable to unitholders	\$	\$
Net assets attributable to unitholders at beginning of reporting period	58,301,579	45,133,859
Total comprehensive income/(loss) for the period	(4,667,441)	16,076,100
Adjustment to opening balance of Net Assets	-	(5)
Units issued during the reporting period	2,381,400	100,000
Units redeemed or cancelled during the reporting period	(1,000,000)	(3,008,375)
Net assets attributable to unitholders at the end of reporting period	<u>55,015,538</u>	<u>58,301,579</u>

Merchant Opportunities Fund
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Notes to the condensed interim financial statements (continued)
For the six months ended 31 December 2018

Note 3 Distributions

There were no distributions for the half year.

Note 4 Related parties

The Responsible Entity, CIP Licensing Limited charges a monthly fee of approximately \$12,000 (GST inclusive) and the remaining fees are paid to the Fund Manager, Merchant Funds Management Pty Ltd.

Total management fees charged by the Responsible Entity and Fund Manager during the six months ended 31 December 2018 were \$436,301 (GST inclusive) (31 December 2017: \$388,243). There were payables of \$69,538 as at 31 December 2018 (30 June 2018: \$74,940)

There are no accrued performance fees as at 31 December 2018 (30 June 2018: \$3,004,931).

Note 5 Contingencies

There are no contingent liabilities or contingent assets as at 31 December 2018 (30 June 2018: Nil)

Note 6 Subsequent Events

On 4 February 2019 the Fund announced a redemption facility of \$500,000 for the three months ended 28 February 2019, to be completed in March 2019.

Note 7 Financial Instruments

Carrying amount versus fair values

The fair values of financial assets and financial liabilities approximate their carrying amounts in the condensed statement of financial position.

Financial risk management

During the six months ended 31 December 2018 the Fund's financial risk management objectives and policies are consistent with those disclosed in the Fund's annual financial report.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Merchant Opportunities Fund**ARSN 111 456 387****Notes to the condensed interim financial statements (continued)****For the six months ended 31 December 2018****Note 7 Financial Instruments (continued)**

- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those instruments valued based on techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets classified as fair value through profit and loss	\$24,839,274	\$18,838	\$30,038,295	\$54,896,407

During the six months ended 31 December 2018, there were transfers between level 1 and level 3 of the fair value hierarchy.

Level 3 fair values

Reconciliation of level 3 fair value measurements of financial assets for the six months ended 31 December 2018.

	Fair value through profit or loss
	\$
Opening	20,896,996
Total gains or losses in profit or loss	2,085,195
Purchases	5,529,221
Sales	(701,367)
Transfers into Level 3	2,978,250
Transfers out of Level 3	(750,000)
Closing	30,038,295
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period:	2,084,828

Merchant Opportunities Fund

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Notes to the condensed interim financial statements (continued)

For the six months ended 31 December 2018

Note 7 Financial Instruments (continued)

The measurement of fair value for the Level 3 instruments excluding convertible notes has been made based on the following:

	Industry Sector	Basis of valuation	Date of transaction	Fair value as at 31 December 2018 \$	Fair value as at 30 June 2018 \$
ABIG Pty Ltd*	Information Technology	Directors valuation of assets	December 2018	124,000	248,000
Affinity Business Insurance Pty Ltd*	Information Technology	Directors valuation of assets	December 2018	300,000	600,000
Alerte Digital Health Pty Ltd*	Healthcare	Price of MOF's entry price (FOREX adjusted: 31 December 2018)	December 2016	1,599,398	1,351,504
ArchTIS Limited	Information Technology	Price of MOF's entry price	October 2017	N/A^^	750,000
BCal Diagnostics Pty Limited	Healthcare	Price of MOF's entry price	July 2018	500,000	-
China Retail Technology*	Information Technology	Price of MOF's entry price	February 2018	150,000	150,000
Condor Energy Services Ltd*	Energy	Price of most recent investment (third-party transaction)	March 2014	584,500	584,500
Eurocann Corporation Limited (Formerly 1-Page Ltd) #	Healthcare	Price of most recent investment (third-party transaction)	October 2018	5,641,024	-
Fibonacci Global Payments Pte Ltd*	Information Technology	Price of MOF's entry price (FOREX adjusted: 31 December 2018)	April 2017	855,425	814,570
Frugl Pty Ltd	Information Technology	Directors valuation of assets	December 2018	237,000	250,000
Geo40 Limited	Industrials	Price of MOF's entry price	October 2017	250,800	250,800

Merchant Opportunities Fund
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Notes to the Financial Statements (continued)
For the year ended 30 June 2018

Note 7 Financial instruments and associated risk (continued)

	Industry Sector	Basis of valuation	Date of transaction	Fair value as at 31 December 2018 \$	Fair value as at 30 June 2018 \$
Infitecs Pty Ltd*	Information Technology	Price of most recent capital raising	June 2015	500,000	500,000
Inhouse Group Limited (previously Trendwise)**	Information Technology	Directors valuation of assets	December 2018	-	131,953
Kontrarian Resource Fund No 1*	Materials	Independent valuation of assets	December 2018	7,001,400	4,900,000
Local Agent Finder Limited	Information Technology	Price of MOF's entry price	July 2018	700,000	-
LoneStar Limited (formally Sugar Dragon Limited)*	Materials	Price of most recent capital raising	June 2017	215,625	215,625
Lumi Financial Holdings Limited	Financials	Price of MOF's entry price	October 2018	500,000	-
Miner Group Pty Ltd	Information Technology	Price of MOF's entry price	May 2018	992,478	992,478
Mobile Tyre Shop Holdings Pty Ltd	Industrials	Price of MOF's entry price	January 2018	200,000	200,000
MLS Pty Ltd*	Information Technology	Directors valuation of assets	December 2018	850,000	1,700,000
Nicevend Pte Ltd*	Information Technology	Price of MOF's entry (FOREX adjusted: 31 December 2018)	March 2017	480,119	457,184
Pro9 Global Pty Ltd	Industrials	Price of MOF's entry price	September 2018	807,157	500,010
Sands Innovations Ltd (formally Snapsil Innovations Limited)	Industrials	Price of MOF's entry	August 2018	500,000	250,000

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Notes to the Financial Statements (continued)
For the year ended 30 June 2018

Note 7 Financial instruments and associated risk (continued)

	Industry Sector	Basis of valuation	Date of transaction	Fair value as at 31 December 2018 \$	Fair value as at 30 June 2018 \$
Sapien Cyber Limited (formally SC8 Technologies Pty Ltd)*	Information Technology	Price of most recent investment (third-party transaction)	August 2018	1,125,000	750,000
Stack A JV Pty Ltd	Energy	Price of MOF's entry price	January 2018	2,000,000	2,000,000
Terragen Holdings Ltd	Information Technology	Price of most recent capital raising	November 2018	625,000	-
Valiant Resources Ltd*	Energy	Price of most recent capital raising	November 2016	866,670	866,670
Village National Limited	Property	Net Asset Backing	December 2017	494,668	494,668
Wave Park Development Pty Ltd*	Energy	Price of MOF's entry price	March 2017	1,106,782	1,107,784
Total				29,207,046	20,065,746

Fair Value measurements recognised in the statement of financial position

* *The investments in seed and start-up venture capital investments represent 28.64% of the Fund's net assets. The fair value of these investments is determined with reference to the most recent transaction price which is typically the capital raising price or the most recent third party sale price. Subsequent to the latest transaction, the Responsible Entity has re-assessed the business activities of these entities to determine whether any significant changes in the circumstances or events would imply a change in the investment's fair value as at balance date.*

** *The investment in Inhouse Group Limited (previously Trendwise) was sold during the period ended 31 December 2018.*

^^ *The investment in ArchTIS Limited was listed on 21 September 2018.*

European Cannabis Corporation Ltd (which was previously I-Page Ltd) was delisted during the period.