

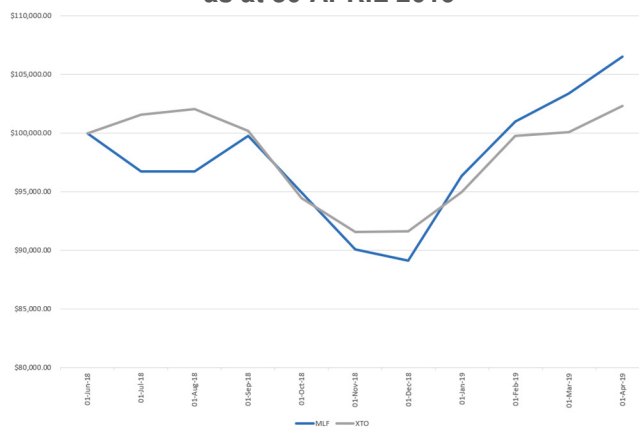
MERCHANT LEADERS FUND

The MLF continues to perform to expectation with total returns for the financial year net of all fees **up 6.55%** vs the ASX 100 which is **up 2.32%** for the same period.

Sell in May and Go Away – one of the oldest stock market ‘myths’ around...in saying that it is a myth, traditionally both May and October on the ASX anyway, prove to be weaker months with little news or momentum in the ASX post reporting season. We have adjusted the portfolio at month end (end of April) to be circa 40% in cash believing that both the ASX and the US Market have run too hard since the December 26th lows. We will remain short the market and underweight equities with a view to reallocating capital when we feel value re-emerging in the broader index.

Pleasingly the strategy we have been using for the last couple of years is working to plan with the model clearly identifying momentum in both the Funds Management (Magellan + 40% since entry and still holding) and the Resources industries - although the performance is more mixed with S32 struggling (-1% YTD) against RIO which is also up circa 40% from our entry point.

MERCHANT LEADERS FUND - PERFORMANCE
MERCHANT LEADERS FUND V ASX100
as at 30 APRIL 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 (MLF). 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
30 April 2019

\$1.0655



MERCHANT OPPORTUNITIES FUND

Whilst the 2019 Financial Year has been a lot tougher to generate positive returns in the Small and MicroCap sectors of the ASX, we are pleased to report that the MOF has managed to generate an after fees return for the Financial Year of **positive 5.77%** vs the Small Ordinaries Index which is **negative 0.14%** over the same period.

Most of the return in April can be attributed to our Biotech exposure, a sector close to my heart with both PNV and RHY performing substantially above market. We have used the strength in the overall Small Cap market during April to exit some underperforming investments and are currently sitting on more cash investments than we have done in recent times.

As with the MLF, we believe both the ASX and US Market are a little over done at this time and are waiting for a more opportunistic time to re-enter the market with our cash holdings. We are not of the opinion that either the ASX or the US Market are on the precipice of substantial falls however we remain cautiously optimistic going forward.

As you can see from the graph below with the MOF at all-time highs at the end of April, we still believe that we have the correct strategies and investments within the MOF to eclipse these levels before the end of the 2019 Financial Year.

ABOUT MERCHANT OPPORTUNITIES FUND

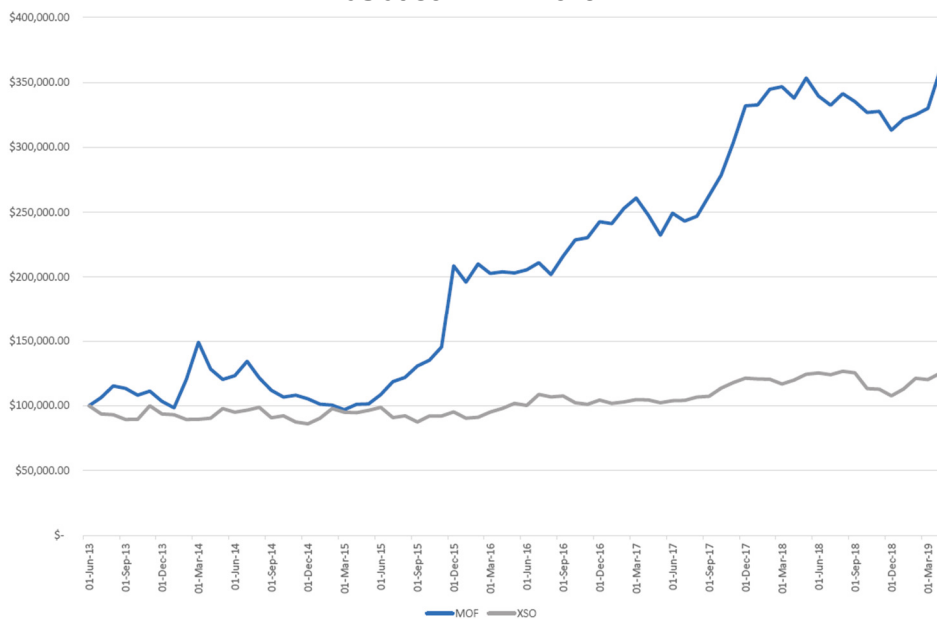
The Merchant Opportunities Fund (MOF) enables investors to get exposure to early-stage opportunities. This includes both early-stage ASX-listed companies or those soon to be listed. Through our comprehensive and strong networks, the Merchant Opportunities Fund provides investment opportunities that our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

\$1.9825

MERCHANT OPPORTUNITIES FUND - PERFORMANCE MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX as at 30 APRIL 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.

This publication has been prepared on behalf of and issued by Merchant Funds Management Pty Ltd (ACN 154 493 277) Corporate Authorised Representative No. 420444 of Draupner Investment Management Pty Ltd (ACN 112 894 845) AFSL No. 303566.

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