

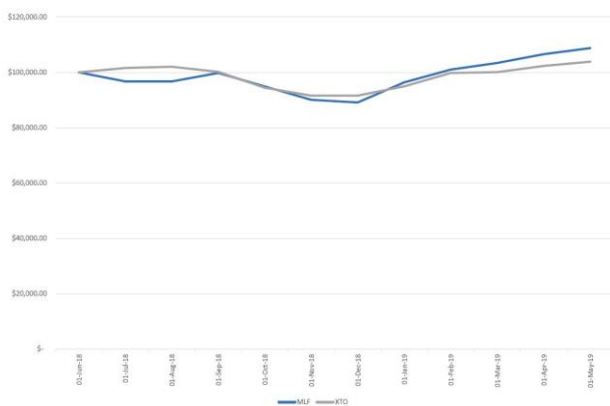
MERCHANT LEADERS FUND

The Merchant Leaders Fund continues to outperform the ASX 100 with the Fund up to the end of May 2019 by **8.76% net after fees vs the ASX100 which is up 3.84%** for the Financial Year.

Based on anticipated monetary stimulus in Australia and the recent Election result, the ASX 100 has continued to recover from the lows of Christmas 2018 where at one time, the ASX 100 was down almost 14% to now being up almost 4% for the Financial Year.

As we write this newsletter the index has climbed further with the RBA electing to cut interest rates to an all time low after essentially remaining on the sideline for the better part of 4 years. The official cash rate is now sitting at 1.25% and the AUD is sub \$0.70 vs the USD. Economically the RBA is cautious on the economy and has elaborated to using economic stimulus to shelter the economy from constricting further. This is a very similar playbook to the US post GFC and I suspect that with an RBA prepared to cut further, a stable Liberal government, high Iron Ore prices – we may finally see some market tailwinds over the next couple of years providing the Global outlook doesn't deteriorate too much.

MERCHANT LEADERS FUND - PERFORMANCE
MERCHANT LEADERS FUND V ASX100
as at 31 MAY 2019



MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

TOP 10 RANKED

South32 Limited	S32
JB HI-FI Limited	JBH
Rio Tinto Limited	RIO
Iluka Resources Limited	ILU
Woodside Petroleum Ltd	WPL
Magellan Financial Group Ltd	MFG
The A2 Milk Company Ltd	A2M
AGL Energy Limited	AGL
BlueScope Steel Limited	BSL
Altium Limited	ALU

BOTTOM 10 RANKED

AMP Limited	AMP
Worley Parsons Limited	WOR
Seek Limited	SEK
Spark Infrastructure Group	SKI
Suncorp Group Limited	SUN
Bank of Queensland Limited	BOQ
Newcrest Mining Limited	NCM
Orica Limited	ORI
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
31 May 2019

\$1.0876



MERCHANT OPPORTUNITIES FUND

Conversely to the ASX 100, the ASX Small Ordinaries is still **down to the end of May by 1.48%** indicating that the relief rally and confidence we are seeing in the big blue chip stocks is not apparent (yet) in the small and micro cap segment of the market.

Pleasingly though the MOF is up 7.25% for the same period.

We anticipate further gains as we come to the close of the Financial Year also with a couple of investments coming to market in the Biotech space and a bit of a resurgence in a couple of our underperforming investments of late.

Specifically, I can attest to the Small and Micro Cap market being really hard work this Financial Year with themes and opportunities difficult to come by. We've been fortunate to forge very good relationships with personnel and investors in the Biotech space over the last 5 years and this has served the Fund extremely well. Though challenging, investing in this space has been rewarding for the MOF and I anticipate this will continue into the next Financial Year as a lot of our 'jigsaw pieces' hopefully begin to align together.

We continue to evaluate opportunities in all sectors of the market and our style means we are quick and nimble and able to manoeuvre the Fund to where we see growth opportunities and will continue to follow this same path into the future. Redemptions will be open again in the next quarter.

ABOUT MERCHANT OPPORTUNITIES FUND

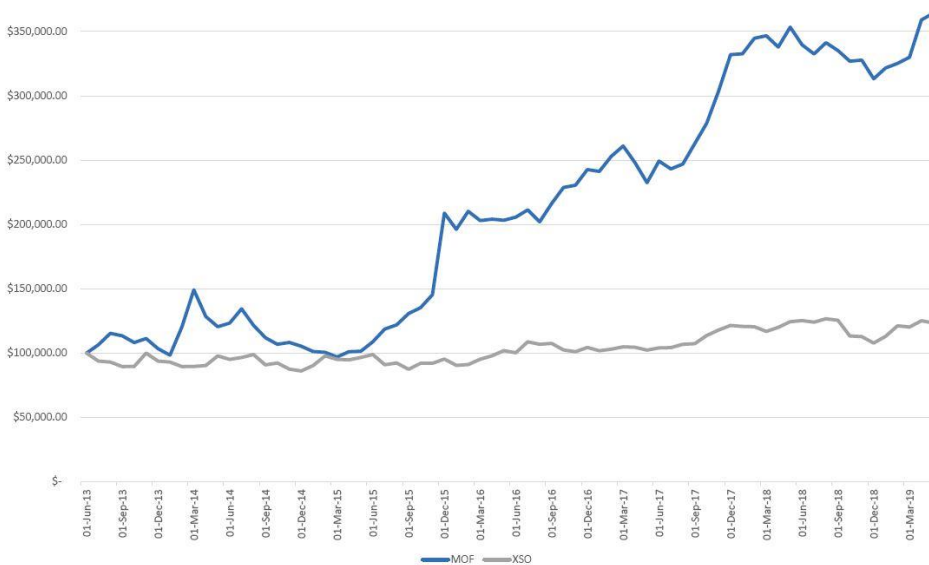
The Merchant Opportunities Fund enables investors to get exposure to early-stage opportunities. This includes both early-stage ASX-listed companies or those soon to be listed. Through our comprehensive and strong networks, the Merchant Opportunities Fund provides investment opportunities that our clients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

\$2.0109

MERCHANT OPPORTUNITIES FUND - PERFORMANCE
MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX
as at 31 MAY 2019



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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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