

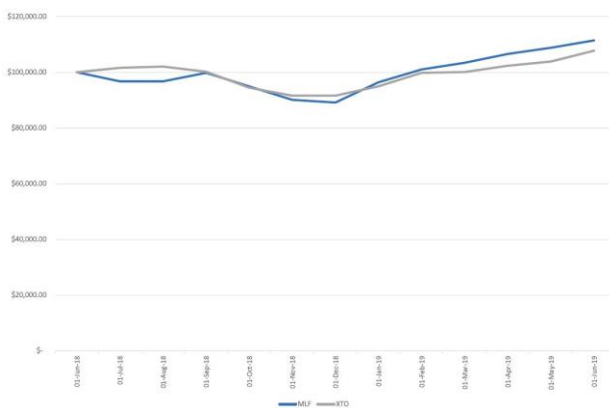
MERCHANT LEADERS FUND

The Merchant Leaders Fund (MLF) closed up 11.42% (net after fees and distribution) for our first full financial year which is a very pleasing result vs the ASX 100 which closed up 7.73% for the same period.

It was certainly a tale of two halves with the ASX 100 down almost 14% from July 1st to Dec 31st, then reversing this trend into the close of the financial year to end up +7% due to a couple of factors but namely; global interest rates going back down or at least not moving up, local election results, low AUD, and now the RBA has entered the fray with the cheapest money Australian's have ever seen so the hunt for any assets paying incomes higher than 1% is certainly on.

Given the pro-business attitude (real or perceived, it almost doesn't matter) of the Liberals tax policies and the proposed personal tax cuts that have now been passed, business and consumer confidence has at worst stabilised for now. However greater access to credit is what is needed for any sustained recovery in house prices.

MERCHANT LEADERS FUND - PERFORMANCE
MERCHANT LEADERS FUND V ASX100
as at 30 JUNE 2019



MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

TOP 10 RANKED		BOTTOM 10 RANKED	
Rio Tinto Limited	RIO	Treasury Wine Estates Limited	TWE
Iluka Resources Limited	ILU	Afterpay Touch Group Ltd	APT
Magellan Financial Group Ltd	MFG	Bank of Queensland Limited	BOQ
JB HI-FI Limited	JBH	Incitec Pivot Limited	IPL
Woodside Petroleum Limited	WPL	Seek Limited	SEK
Dexus	DXS	Spark Infrastructure Group	SKI
The A2 Milk Company Limited	A2M	Worleyparsons Limited	WOR
BlueScope Steel Limited	BSL	CYBG PLC Shs CDIs	CYB
Altium Limited	ALU	AMP Limited	AMP
AGL Energy Limited	AGL	Unibail-Rodamco-Westfield Stapled CDI's	URW

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
30 June 2019

\$1.1142



MERCHANT OPPORTUNITIES FUND

Whilst a challenging year, the Merchant Opportunities Fund (MOF) has still managed to outperform our benchmark by a considerable margin closing up 10.54% (net after fees) for the full Financial Year vs the Small Ordinaries down 0.85%

We made considerable gains across our Biotech investments leading into 30 June 2019 with all investments up over the last 6 months between 10% and 60%. Our long-term favourite in house stock PolyNovo Limited (PNV) set new highs of above \$1.50, a super long way from our average entry price of \$0.05!

We have been extremely busy in the Biotech space and have considerable funds invested across the Diagnostic space, a space we believe is ripe for consolidation and hope that in this new financial year, we see some of the value beginning to be unlocked in these companies.

This year for the MOF we believe will be another positive one with a number of our larger investments coming to liquidity events over the next 6 months or so which should continue to support further increases in the unit price.

ABOUT MERCHANT OPPORTUNITIES FUND

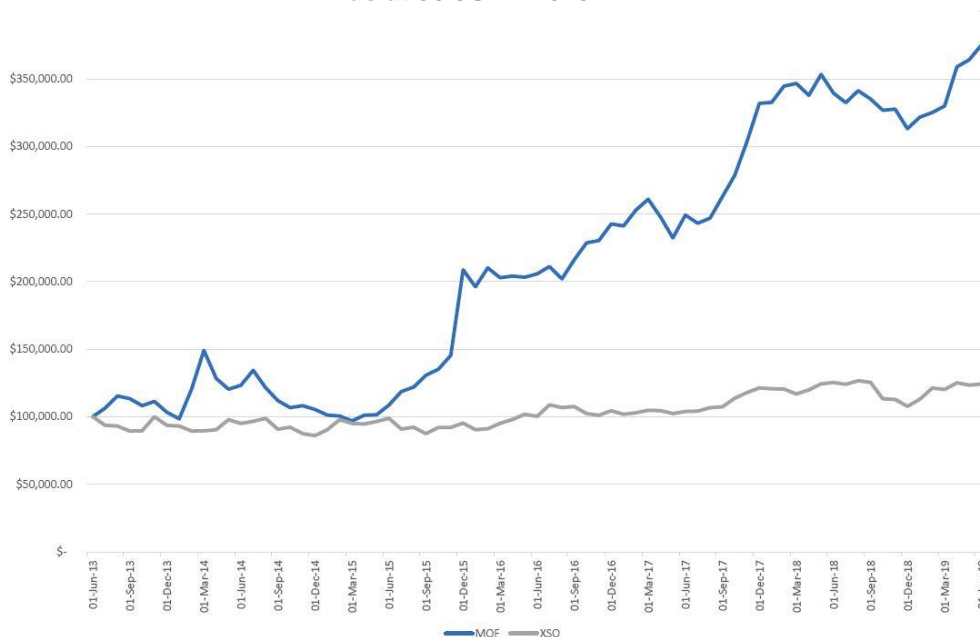
The Merchant Opportunities Fund enables investors to get exposure to early-stage opportunities. This includes both early-stage ASX-listed companies or those soon to be listed. Through our comprehensive and strong networks, the Merchant Opportunities Fund provides investment opportunities that our clients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

\$2.0725

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