

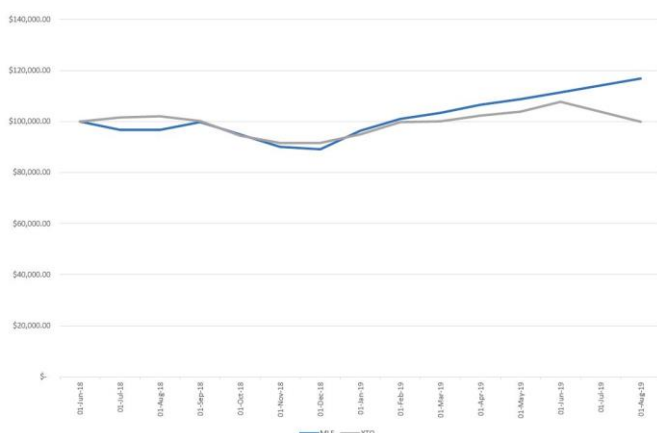
### MERCHANT LEADERS FUND

The Merchant Leaders Fund performed to plan through the month of August with gains for the Financial Year of 4.86% vs the ASX 100 which is down 0.12%.

The broader portfolio performed well with gains across most of the Fund's Top 10 holdings. A rally in the consumer discretionary sector helped gains in REA Group Ltd (REA) and JB Hi-Fi Limited (JBH) indicating I suspect, that the recent rate cuts are beginning to take effect on the consumer landscape. Generally, this isn't a leading indicator of an economic downturn and quite contradictory to the general consensus in the press. We have made no significant portfolio changes during the month.

I've just spent the last week in Germany and the UK and whilst the UK is dealing with the Brexit event, I for one don't think the economies of the respective superpowers are in as bad of shape as the consensus or the press believe. Everywhere I visited there was significant construction and general business activity indicating that rates at zero or just above the zero level are probably not only supporting current valuations but also encouraging a more growth orientated focus.

#### MERCHANT LEADERS FUND - PERFORMANCE MERCHANT LEADERS FUND V ASX100 as at 31 AUGUST 2019



#### MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

##### TOP 10 RANKED

Fortescue Metals Group Ltd	FMG
Beach Energy Limited	BPT
Rio Tinto Limited	RIO
Magellan Financial Group Ltd	MFG
JB Hi-Fi Limited	JBH
Newcrest Mining Limited	NCM
Altium	ALU
BHP Group Ltd	BHP
Wisetech Global Ltd	WTC
Charter Hall Group	CHC

##### BOTTOM 10 RANKED

Sydney Airport	SYD
AusNet Services Limited	AST
Incitec Pivot Limited	IPL
Orica Limited	ORI
Amcor PLC CDIs	AMC
Vicinity Centres	VCX
CYBG PLC CDIs	CYB
Spark Infrastructure Group	SKI
Unibail-Rodamco-Westfield Stapled CDIs	URW
AMP Limited	AMP

#### 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 August 2019

**\$1.1684**

## MERCHANT OPPORTUNITIES FUND

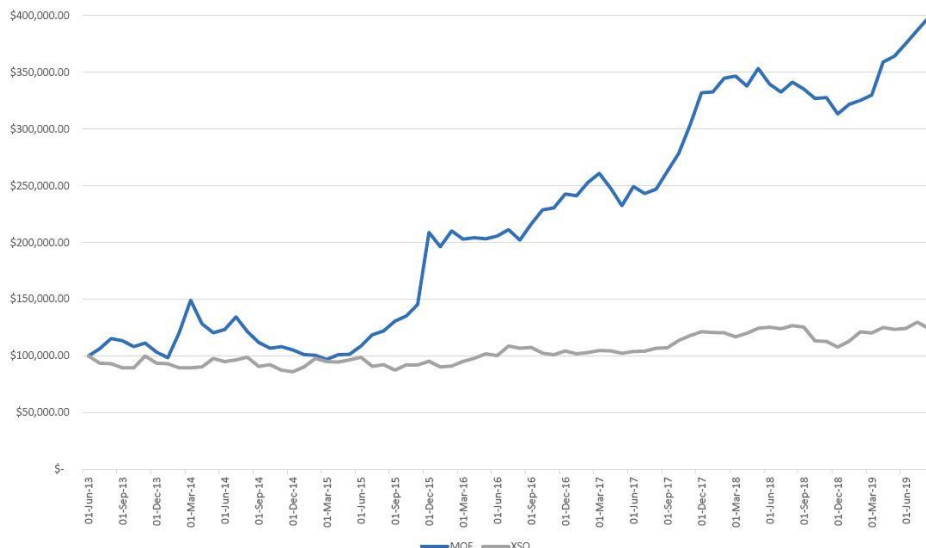
The Merchant Opportunities Fund has started the Financial Year the way it finished the last currently performing up 6.07% vs the XSO Small Ordinaries Index which is up 0.10% from 30 June.

Two companies that have provided pleasing results during the past month have been Hills Limited (HIL) and iSignthis Ltd (ISX).

iSignthis is an Australian based global leading eMoney, payments, and identity technology company. ISX products revolve around optimizing online payment user experience, providing specialist banking services to cross-border, regulated and high value businesses. ISX offers a range of services including remote identity verification, payment processing, card acquiring, IBAN accounts, SEPA transfers and deposit taking eMoney services.

Hills is one of the oldest companies currently listed on the ASX, founded in 1948. Hills delivers technological solutions for security, IT, communications, health and audio/visual. Based on Merchant agitating for change at board level and Hills reassuring shareholders of better times ahead, the company has restructured its distribution businesses and focussed increasingly on the expanding health services market which has seen the share price appreciate circa 40% during the month of August.

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



### 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 August 2019

**\$2.1982**

## DISCLOSURE

Merchant Funds Management Pty Ltd (ACN 154 493 277) is the Manager of Merchant Opportunities Fund, under an agreement with our Responsible Entity, CIP Licensing Limited, AFSL 471728.

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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