

MERCHANT LEADERS FUND

The Merchant Leaders Fund performed in-line with the ASX 100 during the month of October which saw the Net Tangible Assets (NTA) lift from \$1.1641 to \$1.1855. Despite a relatively strong month, the ASX 100 for the financial year is only up 0.77% excluding dividends. In contrast, the Leaders Fund is up 6.40% over the same period.

Global markets rallied on the hope of more interest rate cuts in the US and the resumption of positive trade talks between China and the US. Closer to home the continued unrest in Hong Kong has kept the local market more subdued. Domestically, our labour figures were better than expected which diminished the chances of a Melbourne Cup rate cut. However, with the AUD/USD hovering around the \$0.69 mark, this should stimulate manufacturing into the close of the calendar year and the seasonal push from the retail sector should, in my view, keep rates on hold in Australia for the remainder of 2019.

Positive performers were notably JB Hi-Fi Limited (JBH) (retail), Aristocrat Leisure Limited (ALL), The A2 Milk Company Limited (A2M) and Iluka Resources Limited (ILU) which has bounced back after a disappointing 3 months.

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



MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

TOP 10 RANKED

Fortescue Metals Group Ltd
Beach Energy Limited
Rio Tinto Limited
Magellan Financial Group Ltd
JB Hi-Fi Limited
Iluka Resources Limited
Santos Limited
Aristocrat Leisure Limited
Newcrest Mining Limited
Nine Entertainment Co. Holdings Limited

FMG
BPT
RIO
MFG
JBH
ILU
STO
ALL
NCM
NEC

BOTTOM 10 RANKED

Atlas Arteria	ALX
Sydney Airport	SYD
Atlas Arteria	ALX
Bank of Queensland Limited	BOQ
Amcor PLC Shs CDIs Repr 1 Sh	AMC
Transurban Group Ltd	TCL
TPG Telecom Limited	TPM
CYBG PLC Shs CDIs Repr 1 Shs	CYB
Spark Infrastructure Group	SKI
Unibail-Rodamco-Westfield SS CDIs Repr 0.05 Sh	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
31 October 2019

\$1.1855

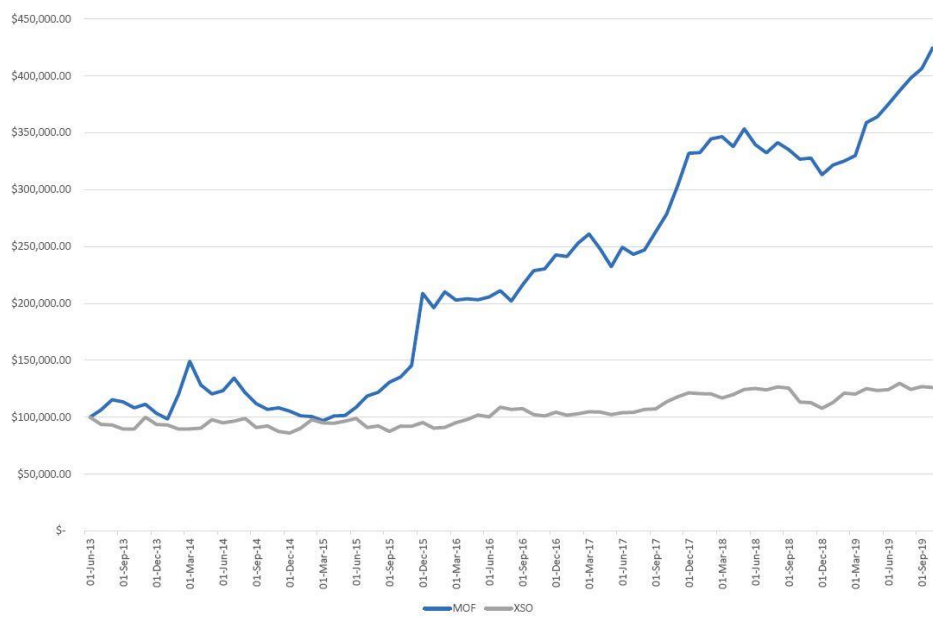
MERCHANT OPPORTUNITIES FUND

The Merchant Opportunities Fund is continuing to perform to expectation with a large trade in AusCann Group Holdings Ltd (AC8) setting the fund up to have a very positive month up 13.24% vs the Small Ordinaries Index up 1.43%.

As avid readers of this newsletter will know, I like the Medical Cannabis sector believing that although we are seeing broader weakness in the sector, this is a paradigm shift in our lifetime as populations the world over move from Opioids to Medicinal Cannabis. The industry is fraught with bottlenecks and regulatory issues at this time as governments wrestle with the legal aspects of growing, cultivating, processing and distributing what until very recently in most parts of the world, was an illegal substance controlled by the black market.

AusCann for us is a strategic play with the company currently sitting on circa \$32m in cash with a modest cash burn and we feel that the risk of this investment is relatively low. We will look to assist the company where possible, achieve commercial outcomes and believe that the current depressed investment market for this sector presents excellent buying opportunities.

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

\$2.3469

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