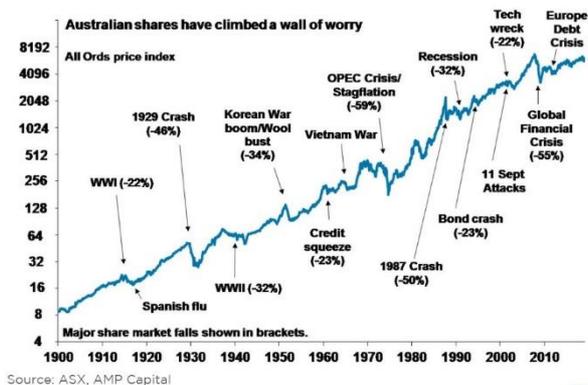


MERCHANT LEADERS FUND

The chart to the right reminds investors of the nature of the markets. Whilst we are going through some short-term pain the longer-term prospects for the market remain sound as the market now climbs the seemingly endless wall of worry.

Based on the market recovery in recent days, the harsh lockdowns and pronounced fiscal stimulus are having a positive effect on the world's stock markets and we believe that whilst the markets may have run too hard initially, overall risk assets will come back into favour in the coming months - provided the COVID-19 data **doesn't deteriorate** further.

March 2020 will go down as one of the most volatile months I can remember over my 20 year career in this industry. At one point the ASX100 was down over 35% for the Financial Year with wild swings of plus or minus 7% per day being common. The Merchant Leaders Fund performed well during this extremely volatile period in comparison to the ASX100, with the Fund down in the month of March approximately 7.5% vs the ASX100 down approximately 20%.



Source: ASX, AMP Capital

ABOUT MERCHANT LEADERS FUND

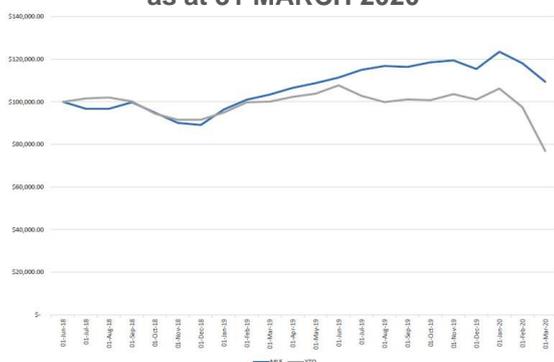
In July 2018, Merchant launched a new fund called the Merchant Leaders Fund. The Merchant Leaders Fund provides clients with broader exposure to Australia's leading companies, using bespoke quantitative analysis to identify stocks in the ASX-100 that are expected to outperform and underperform, with 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.

MERCHANT LEADERS FUND - PERFORMANCE MERCHANT LEADERS FUND V ASX100 as at 31 MARCH 2020



The defensive strategy we have employed, this calendar year specifically, has meant that as at the time of writing the Fund is sitting at approximately breakeven vs the ASX down almost 20% for the current Financial Year. We feel that the Fund is well positioned coming out of this current period of uncertainty and importantly that we have the correct asset allocation.

Unit Price as at
31 March 2020

\$1.0937

MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

TOP 10 RANKED

Fortescue Metals Group Ltd
Magellan Financial Group Ltd
Rio Tinto Limited
a2 Milk Company Ltd.
JB Hi-Fi Limited
BHP Group Ltd
Beach Energy Limited
CSL Limited
Northern Star Resources Ltd
Resmed Inc CDIs - 10 CDIs per ord.sh

FMG
MFG
RIO
A2M
JBH
BHP
BPT
CSL
NST
RMD

BOTTOM 10 RANKED

Spark Infrastructure Group
Suncorp Group Limited
Alumina Limited
CIMIC Group Limited
Westpac Banking Corporation
Incitec Pivot Limited
Scentre Group
Woodside Petroleum Ltd
Vicinity Centres
AMP Limited
SKI
SUN
AWC
CIM
WBC
IPL
SCG
WPL
VCX
AMP

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Merchant Funds Management Pty Ltd is a Corporate Authorised Representative No. 420444 of Draupner Investment Management Pty Ltd (ACN 112 894 845, AFSL No. 303566).

All information and advice is confidential and for the private information of the person to whom it is provided without any responsibility of liability on any account whatsoever on the part of this firm of any member or employee thereof.



MERCHANT OPPORTUNITIES FUND

The Merchant Opportunities Fund pulled back further in line with the Small Ordinaries Index which had an extremely volatile month. Currently the Fund is down 6.41% for the Financial Year vs the Small Ordinaries Index which is down 25.74% over the same period.

Liquidity all but dried up in Small Cap land over the month with a total risk off attitude prevailing in the market. In saying this, the recent recovery we have witnessed toward the end of March and into early April has meant the Fund's unit price has recovered a portion of the fall already and whilst we expect the market to remain rocky, pockets of liquidity and value are beginning to emerge.

The current portfolio is skewed towards medicinal cannabis with key holdings in AusCann Group Holdings Ltd (AC8), CannPal Animal Therapeutics Limited (CP1), European Cannabis Corporation Limited and Zelira Therapeutics Limited (previously Zelda) (ZLD) and the Biotech sector. The Fund continues to benefit from exposure to the medical device space specifically the cancer diagnostic space with substantial investments in Race Oncology Ltd (RAC), Sienna Cancer Diagnostics Limited (SDX) and Bard1 Life Sciences Limited (BD1). We anticipate the recently announced merger (intention to merge) between Bard1 (BD1) and Sienna (SDX) to have a positive effect on the Fund's unit price in the near term.

As the markets begin to stabilize and fiscal stimulus finds its way to the areas that need it most, we anticipate that our current asset allocation and focus means we will be well positioned to capitalise on any slight recovery in financial markets.

ABOUT MERCHANT OPPORTUNITIES FUND

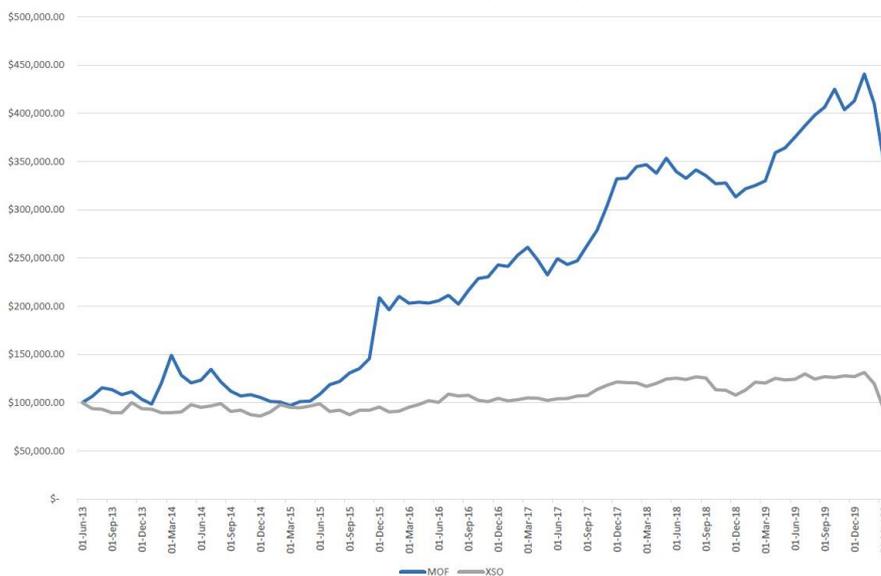
The Merchant Opportunities Fund enables investors to get exposure to early-stage opportunities. This includes both early-stage ASX-listed companies or those soon to be listed. Through our comprehensive and strong networks, the Merchant Opportunities Fund provides investment opportunities that our clients 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 March 2020

\$1.9229

MERCHANT OPPORTUNITIES FUND - PERFORMANCE MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX as at 31 MARCH 2020



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.

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