

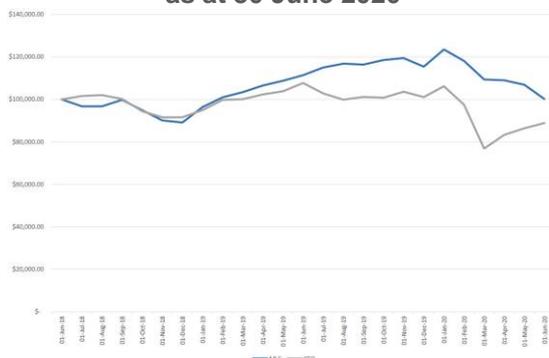
MERCHANT LEADERS FUND

The Merchant Leaders Funds (MLF) second full year was a little more subdued than the first with the Fund **down 2.07% after distribution of \$0.09 per unit** for the Financial Year in comparison to the ASX 100 which was down 11.10% over the same period.

Whilst we are pleased with the result in comparison to the overall index, I was disappointed as the Manager of the Fund to be sitting on so much cash when the market began to run in March. With the ASX putting on approximately 20% from the lows of March to the 30th of June, in being critical of myself and my asset allocation, we missed some of this upside due to the exact thing that prevented us suffering too badly during the COVID crash – a 30% weighting to cash.

Like I have said in the past – it's a game of years, not months so I am comfortable now that as the market leaders begin financial year reporting, we are well positioned to take advantage of any pull back in the market. My personal view is that we have seen the lows for a while and whilst we will have corrections and pullbacks, the market will trend higher in the coming years through massive prolonged stimulus and lack of viable investment alternatives.

MERCHANT LEADERS FUND - PERFORMANCE
MERCHANT LEADERS FUND V ASX100
as at 30 June 2020



MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

TOP 10 RANKED

Fortescue Metals Group Ltd
Rio Tinto Limited
JB Hi-Fi Limited
BHP Group Limited
Magellan Financial Group Limited
ASX Limited
a2 Milk Company Ltd
Beach Energy Limited
Resmed Inc
Woolworths Group Limited

FMG
RIO
JBH
BHP
MFG
ASX
A2M
BPT
RMD
WOW

BOTTOM 10 RANKED

Nextdc Limited
National Australia Bank Limited
Alumina Limited
Iluka Resources Limited
Sydney Airport
Vicinity Centres
Lendlease Group
Transurban Group Ltd.
Woodside Petroleum Ltd
Incitec Pivot Limited

NXT
NAB
AWC
ILU
SYD
VCX
LLC
TCL
WPL
IPL

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 2020

\$1.0011
(excluding distribution)



MERCHANT OPPORTUNITIES FUND

Whilst down from the highs of February this year, overall the Merchant Opportunities Fund (MOF) finished strongly and closed out the Financial Year with a pleasing **increase of 8.07%** vs the Small Ordinaries which was down 8.30% over the same period.

We maintained an appropriate asset allocation throughout the year which enabled us to trade aggressively from April through to June 30th as the market recovered strongly from its lows in mid-March due to very expansionary fiscal policy.

Recent investments into the Biotech Sector have continued to deliver results – specifically Race Oncology Limited (RAC) and the coming together after 2 years of work of Sienna Cancer Diagnostics Limited (SDX) and Bard1 Life Sciences Limited (BD1), both yielding plus 30% return on investments over the course of 2 trading months.

We have used the recent liquidity to exit holdings over the course of the month in Archtis Limited (AR9) and Castillo Copper Limited (CCZ). AR9 is a cyber security company we supported from the pre-IPO round, through the IPO and on market over the last few years and whilst we are pleased to see the business evolving, given the liquidity in the market it was time to take the profits and move on. CCZ had two placements in quick succession to recapitalise the company towards its path of a UK listing and we used this opportunity to sell down our holding which provided a very good return to the Fund.

ABOUT MERCHANT OPPORTUNITIES FUND

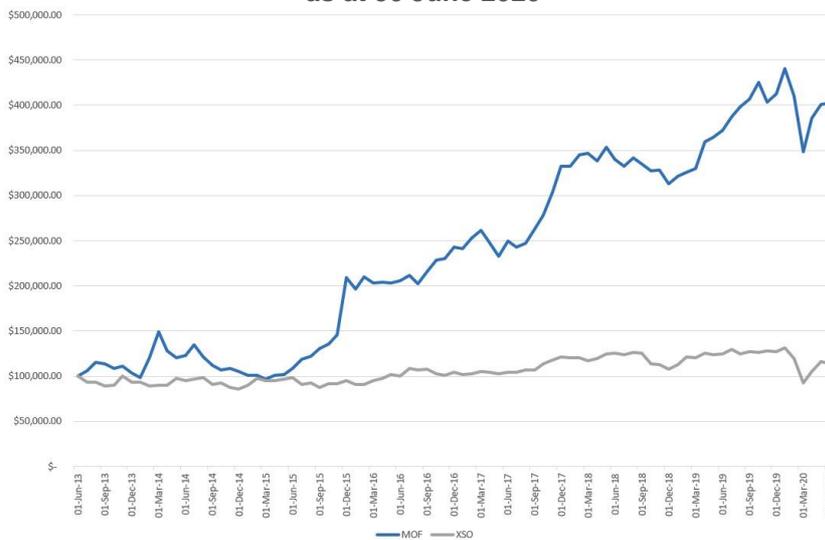
The Merchant Opportunities Fund enables investors to get exposure to early-stage opportunities. This includes both early-stage ASX-listed companies or those soon to be listed. Through our comprehensive and strong networks, the Merchant Opportunities Fund provides investment opportunities that our clients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

\$2.2204
(unaudited)

MERCHANT OPPORTUNITIES FUND - PERFORMANCE MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX as at 30 June 2020



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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