

MERCHANT LEADERS FUND

The Merchant Leaders Fund (MLF) has continued to perform above the ASX 100 (XTO) with the Fund up 3.70% to the end of September vs the ASX 100 down 1.74%.

	Year 1	Year 2	FYTD*
Merchant Leaders Fund			
Growth	11.42%	-2.09%	3.66%
Distribution**	2.74%	8.76%	0.04%
Total Return	14.16%	6.67%	3.70%
ASX 100 (XTO)	6.54%	-11.11%	-1.74%

*FYTD – Financial Year to 30 September 2020.

**Distribution is based on pre-tax income received to date.

The broader index suffered through the month of September with the re-emergence of the COVID-19 virus predominantly in Europe which looked set to derail their economic recovery, plus the continued uncertainty prevalent in the US with the upcoming presidential election and Trump's recent COVID-19 illness.

From a domestic economic policy perspective, as interest rates head down to near zero there is the question of how willing the Reserve Bank of Australia is to use monetary policy to further stimulate the economy. One would assume this might involve negative interest rates, or buying government bonds directly or on the secondary market which would further enhance liquidity in the market and essentially 'grease the wheels of commerce' further so that the focus shifts from an inflation target to an employment target – especially since the JobKeeper measures roll off in March 2021.

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 September 2020

\$1.0376

MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

TOP 10 RANKED		BOTTOM 10 RANKED	
Fortescue Metals Group Ltd	FMG	Tabcorp Holdings Limited	TAH
Evolution Mining Limited	EVN	Lendlease Group LLC	LLC
Saracen Mineral Holdings Limited	SAR	Sydney Airport	SYD
JB HI-FI Limited	JBH	Crown Resorts Limited	CWN
BHP Group Limited	BHP	Vicinity Centres	VCX
Rio Tinto Limited	RIO	Link Administration Holdings Limited	LNK
Wisetech Global Limited	WTC	Seek Limited	SEK
Northern Star Resources Ltd	NST	AMP Limited	AMP
Newcrest Mining Limited	NCM	Challenger Limited	CGF
Fisher & Paykel Healthcare Corp Ltd	FPH	Qantas Airways Limited	QAN

Merchant Funds Management Pty Ltd

ACN 154 493 277

A Level 2, 55 Carrington Street, Nedlands WA 6009

P +61 8 6277 0050 | F +61 8 9200 5790 | W www.merchantfunds.com.au

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).

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MERCHANT OPPORTUNITIES FUND

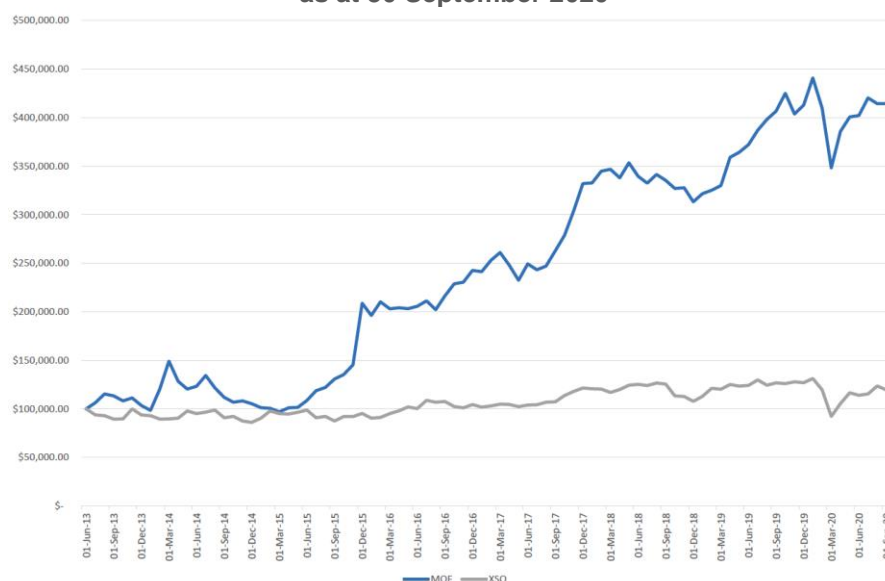
The Merchant Opportunities Fund (MOF) is up 3.06% for the Financial Year in comparison to the ASX Small Ordinaries (XSO) which is up 4.92% to the end of September.

The Small Cap market for the month of September struggled with liquidity and traction with a lot of the recent themes taking a breather based on the emergence of the risk off trade. Sectors that have previously been considered 'hot' struggled during the month with the Gold and leveraged IT players all having a difficult month.

The MOF portfolio is currently set in the following asset sectors of the market which we believe will benefit the Fund further into any economic upswing once COVID-19 and the uncertainty of the US election begins to dissipate:

Biotech	22.48%
Oil & Gas	5.60%
Information Technology	17.58%
Diversified Resources	13.25%
Gold	7.62%

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



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 September 2020

\$2.2883

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.

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