

MERCHANT LEADERS FUND

The Merchant Leaders Fund (MLF) continues to perform in line with expectations despite the Fund's portfolio currently sitting on cash and fixed interest investments of circa 30%.

In the month of October we moved approximately 10% of the portfolio from cash into the ASX 100 portfolio, acquiring more of the current holdings within the Fund's investment model.

As the market built a foundation of support around the 5900 level on the XJO, we added more Fortescue Metals Group Ltd (FMG), The A2 Milk Company Limited (A2M), Wisetech Global Limited (WTC), Beach Energy Limited (BPT) and APA Group (APA) to the portfolio.

The models Top 10 and Bottom 10 holdings are listed below, and of the direct equity exposure, we are 100% long with no short positions.

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

	Year 1	Year 2	FYTD*
Merchant Leaders Fund			
Growth	11.42%	-2.09%	6.11%
Distribution**	2.74%	8.76%	0.40%
Total Return	14.16%	6.67%	6.51%
ASX 100 (XTO)	6.54%	-11.11%	0.31%

*FYTD – Financial Year to 31 October 2020.

**Distribution is approximate at this time

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 2020

\$1.0622

MERCHANT LEADERS FUND MODEL RESULTS FOR ASX 100

TOP 10 RANKED		BOTTOM 10 RANKED	
The A2 Milk Company Limited	A2M	Lendlease Group	LLC
APA Group	APA	Sydney Airport	SYD
Beach Energy Limited	BPT	Crown Resorts Limited	CWN
BHP Group Limited	BHP	Transurban Group Ltd	TCL
Cleanaway Waste Management Limited	CWY	Seek Limited	SEK
Fortescue Metals Group Ltd	FMG	Vicinity Centres	VCX
Magellan Financial Group Limited	MFG	Challenger Limited	CGF
Wisetech Global Limited	WTC	AMP Limited	AMP
Resmed Inc	RMD	Flight Centre Travel Group Limited	FLT
Magellan Financial Group Limited	MFG	Qantas Airways Limited	QAN

MERCHANT OPPORTUNITIES FUND

The Merchant Opportunities Fund (MOF) had a strong month in October with the unit price up 6.81% since 30 June 2020, in comparison to the Small Ordinaries Index (XSO) which also had a strong month up 5.28%.

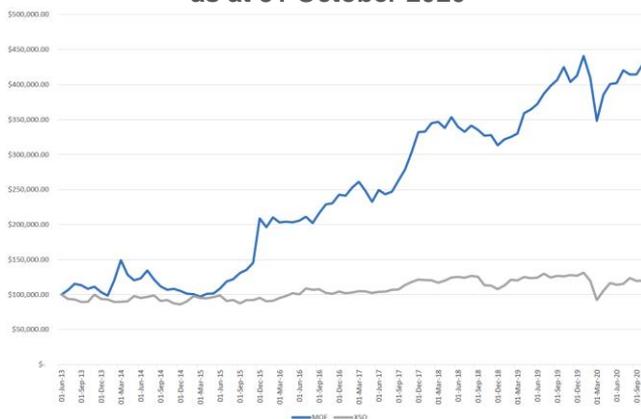
The biggest movers in the portfolio came from the Biotech Sector with both Polynovo Limited (PNV) and Race Oncology Limited (RAC) contributing substantially towards the continued recovery of the MOF unit price.

At the end of October the MOF is again sitting close to all-time highs despite the broader index still down almost 15% and we are anticipating a strong November and December with the emergence of the risk on type market again.

With political stability (almost) in the US and hopefully a vaccine to come shortly resulting in a reduction in COVID-19 cases across the globe, we feel the market is primed to move higher. And with substantial levels of liquidity, global stimuli and recovering economies we are expecting the MOF to retest all-time highs in the not too distant future.

With a Biden election victory pending, we are also anticipating the emergence of Medical Cannabis 2.0 with the US set to legalise on a Federal level (currently state by state) which will be a game changer for the industry and as such we have taken measures to strengthen our current holdings for the future.

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

\$2.3715

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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