

MERCHANT LEADERS FUND

Driven mainly by the raging Iron Ore sector, the ASX 100 put on almost 8% in the month of November capping off a remarkable turn of events since the COVID lows of March 2020.

Strong performances for the month from Fortescue Metals Group Limited (FMG), BHP Group Limited (BHP), Beach Energy Limited (BPT), Link Administration Holdings Limited (LNK) and Wisetech Global Limited (WTC) were offset by falling interest in the Gold Sector and as such the Merchant Leaders Fund maintained an even footing with the ASX 100.

We are pleased with the model's performance against the ASX 100 – especially given the Fund has an approximate 20% asset allocation to defensive assets. Whilst this has come down somewhat over the last quarter, we have remained cautiously optimistic in the most recent rally into the festive season preferring to hold this allocation to defensives with the view that the Fund will be very well positioned for 2021.

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

	Year 1	Year 2	FYTD*
Merchant Leaders Fund			
Growth	11.42%	-2.09%	10.86%
Distribution**	2.74%	8.76%	0.75%
Total Return	14.16%	6.67%	11.61%
ASX 100 (XTO)	6.54%	-11.11%	10.28%

*FYTD – Financial Year to 30 November 2020.

**Distribution is approximate at this time

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
Fisher & Paykel Healthcare Corp Ltd	FPH	Qantas Airways Limited	QAN

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 November 2020

\$1.1098



MERCHANT OPPORTUNITIES FUND

The Merchant Opportunities Fund underperformed in the month of November after a very strong gain in the ASX Small Ordinaries Index. The underperformance for the month was clearly driven by our investments in the Gold and Coal Sectors.

Offsetting these losses however were strong gains in the Biotech Sector, and on the last day of the month particularly, the Medical Cannabis Sector.

Currently our best picks in the Biotech Sector are our largest holdings - Polynovo Limited (PNV), Race Oncology Limited (RAC) and Bard1 Life Sciences Limited (BD1) and in the Medical Cannabis Sector - Auscann Group Holdings Limited (AC8) and Cannpal Animal Therapeutics Limited (CP1).

CP1 and AC8 recently announced a Scheme of Arrangement and we believe this is the right move at the right time in the cycle. With the recent changes legislatively in both the US and Europe, we believe this sector will be one of, if not the biggest contributor to the portfolio performance in 2021.

We are also anticipating continued strength in our Biotech holdings and have price targets substantially higher for all three companies mentioned above.

ABOUT MERCHANT OPPORTUNITIES FUND

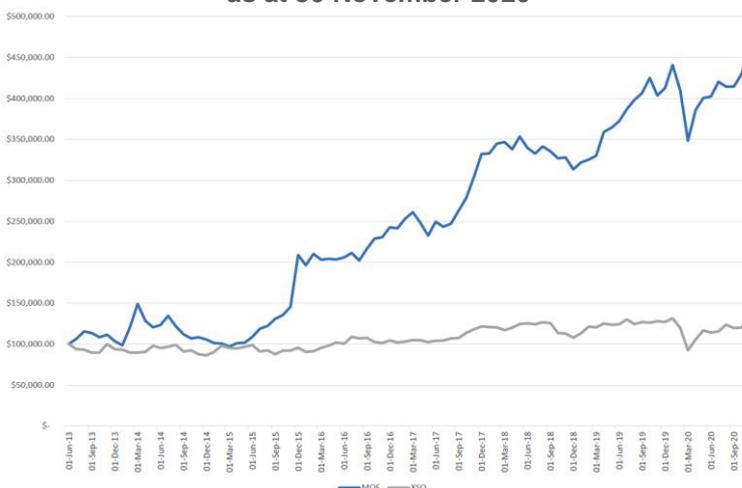
The Merchant Opportunities Fund enables investors to get exposure to early-stage opportunities. This includes both early-stage ASX-listed companies or those soon to be listed. Through our comprehensive and strong networks, the Merchant Opportunities Fund provides investment opportunities that our clients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

\$2.5281

MERCHANT OPPORTUNITIES FUND - PERFORMANCE
MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX
as at 30 November 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.

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