

MERCHANT OPPORTUNITIES FUND

The month of May was relatively soft for the broader Merchant Opportunities Fund (MOF) with the Fund softening 2.31% to \$3.2755. The pullback was mainly attributed to the pullback in the share price of Bard1 Life Sciences Limited (BD1) from ~\$3 to ~\$2 due to no real news in the market. We are happy long-term BD1 holders and believe that the company will eclipse previous highs in time. So, whilst May's pullback is frustrating in the short-term, we believe that we will see the BD1 stock price back above \$5 in the next Financial Year as the company begins commercialising its market leading technology.

Offsetting the fall in BD1 were strong gains across our Blue Chip portfolio with upward gains across most of the core holdings. The resources and financial sectors were strong over the course of May with the old saying "sell in May and go away" not really holding true in Blue Chip land. Small Caps were generally weak with volume drying up over the course of the month due in part to tax loss selling and portfolio re-weighting. In saying this, toward the end of May we noticed a substantial pick up in liquidity across the Small Cap space as investors shrug off inflationary concerns in favour of focusing back on growth assets post the US Federal Reserve policy statement acknowledging that inflation is upon us but it is not yet enough of a concern to alter the current expansionary environment.

In the Fund's Blue Chip section of the portfolio we topped up our positions in Magellan Financial Group Limited (MFG) and Janus Henderson Group Plc (JHG) and added a position in Ansell Limited (ANN).

In the Fund's Small Cap section of the portfolio we topped up our existing position in Neurotech International Limited (NTI) and added a small position in Leaf Resources Ltd (LER) which we intend to build upon as liquidity permits.

Currently our Top 10 holdings in no order are:

JB Hi-Fi Limited (JBH)
BHP Group Limited (BHP)
Race Oncology Limited (RAC)
Auscann Group Holdings Limited (AC8)
Bard1 Life Sciences Limited (BD1)
Brookside Energy Limited (BRK)
Polynovo Limited (PNV)
RMA Global Limited (RMY)
Fortescue Metals Group Limited (FMG)
Mineral Resources Limited (MIN)

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 May 2021

\$3.2755



On our website, you will find a recent article on the Urbnsurf Wave Park that is located in Melbourne. As most of you know I have been a keen surfer for the last 30 years so this was an investment close to my heart and I can honestly say that we NEED one of these in Perth so if any of you know someone who can part with \$50m odd to build one – please let me know!



How Urbnsurf avoided a pandemic wipeout

Jun 3, 2021 - 10.08am



Opening a \$43 million surf wave park in Melbourne shortly before the pandemic hit was not exactly the business plan most of the investors in [Urbnsurf](#) had in mind.

Read more on our website:

<https://www.merchantfunds.com.au/merchant-opportunities-fund/news-2/>

MERCHANT OPPORTUNITIES FUND - PERFORMANCE MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX as at 31 May 2021



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