

## MERCHANT OPPORTUNITIES FUND

The Merchant Opportunities Fund (MOF) is currently down 6.25% for the Financial Year having regained some ground to March 31<sup>st</sup> with the Fund up approximately 4.3% for the month. Despite being down against our benchmark so far, this Financial Year we are confident that we can close, if not eclipse the gap before June 30<sup>th</sup>.

Broad based gains in the month came predominantly from the Funds resources positions with strong gains specifically in South Harz Potash Ltd (SHP), Mineral Resources Ltd (MIN) and Incitec Pivot Ltd (IPL).

As the Russian invasion of Ukraine continued through March commodity prices continued to rise even despite, or perhaps considering, a pull back in the oil price. Ironically in this current wild geopolitical environment (for this month anyway) it seems traditional stores of wealth – Gold and Silver have both struggled pricewise this month. That being said, anything that is “future facing” such as Copper, Nickel, Cobalt, Lithium and other EV Metals have been big beneficiaries of investor interest and prices have risen accordingly. It certainly helped when Elon Musk took to Twitter to muse that perhaps Tesla should get into Lithium production due to certainty of supply and price increases.

The Copper market is in what is called a contango at the moment which I haven't seen for about 10 years. This effectively means that the 3 months forward market is trading above the spot price and now that the London Metals Exchange has banned Russian Copper it looks to be getting worse as traders rush to find supply – which is where the next problem is - where is the new supply going to come from? There is plenty of capital being deployed in looking for it, but we haven't seen a big Copper (or any metal for that matter) find in a long time.

While on the subject of supply issues, the Uranium price tested the US\$60/lb level during the month with the market looking very tight in the wake of continuing US/Russian sanctions.

Consistent with this theme – and where we have done quite well recently with large investments in IPL and SHP since the Ukraine invasion - fertilizer prices have already doubled and have now shot up a further 30%. With limited supply from other nations and sanctions on Russian Urea more and more likely unfortunately the price of food on the table is going to have to keep going up as the costs of producing it certainly are.

Hurting us this month again have been the Biotech stocks. Having seen them go out of favour now for a good 12 months, I am certain we will see a bid and recovery in the near term. I believe it will just take some corporate activity to get the buyers back into the market.

### ABOUT MERCHANT OPPORTUNITIES FUND

The Merchant Opportunities Fund enables investors to get exposure to both Blue Chip ASX-listed companies and Small Cap ASX-listed companies plus 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 momentum based algorithmic investing in ASX 200 companies or companies at the pre-IPO stage or via listed placements that are normally the domain of professional investors.

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 March 2022

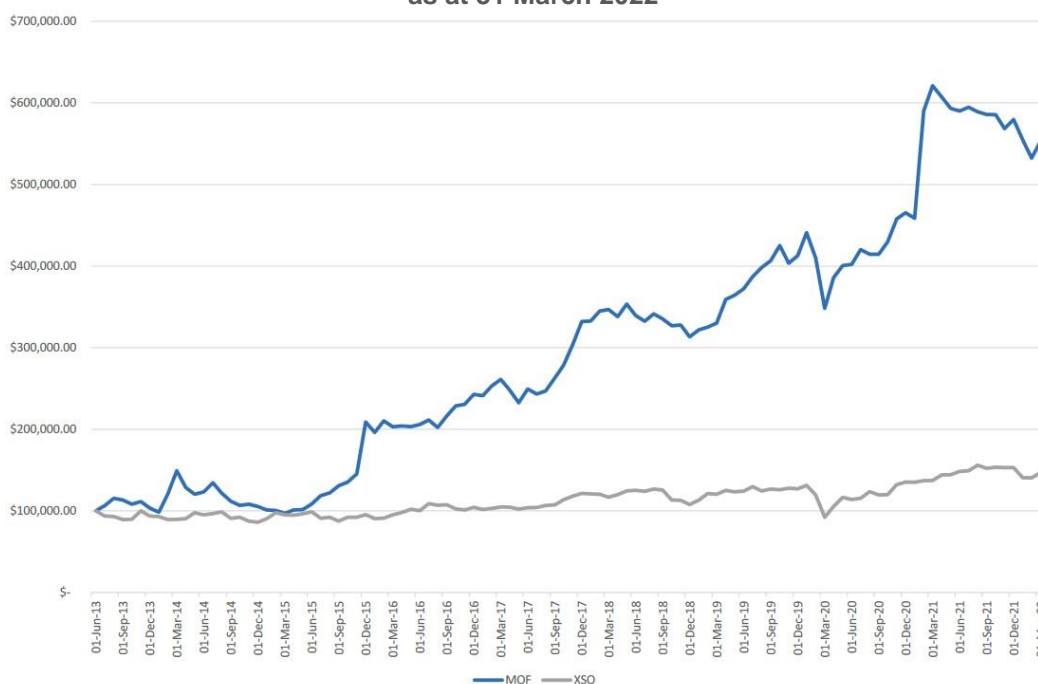
**\$2.6625**



Currently our Top 10 holdings in no order are:

PolyNovo Limited (PNV)  
Race Oncology Limited (RAC)  
Mineral Resources Limited (MIN)  
WestGold Resources Limited (WGX)  
Inoviq Limited (IIQ)  
Brookside Energy Limited (BRK)  
South Harz Potash Limited (SHP)  
Fortescue Metals Group Limited (FMG)  
Incitec Pivot Limited (IPL)  
Sky and Space Company Ltd (SAS)

**MERCHANT OPPORTUNITIES FUND - PERFORMANCE**  
**MERCHANT OPPORTUNITIES FUND V ASX SMALL ORDINARIES INDEX**  
as at 31 March 2022



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