



Merchant Opportunities Fund

November 2023

Unit Price

30 November 2023	\$2.1181
31 October 2023	\$2.1229
30 September 2023	\$2.1320
31 August 2023	\$2.1408
31 July 2023	\$2.2261
30 June 2023	\$2.2195

Month in Review

It's been one of the hardest 18 months in my career and I'm certainly looking forward to the end of 2023. The bright spot at Merchant has been the performance of the Merchant Biotech Fund which is currently up 26.52% against its benchmark the ASX Healthcare 300 Index (XHK) down 6.22%. 2023 just feels like one of those years that I'd rather forget – we've had problems left, right and centre and its been really hard work to try and preserve the value of the Fund, let alone actually make money.

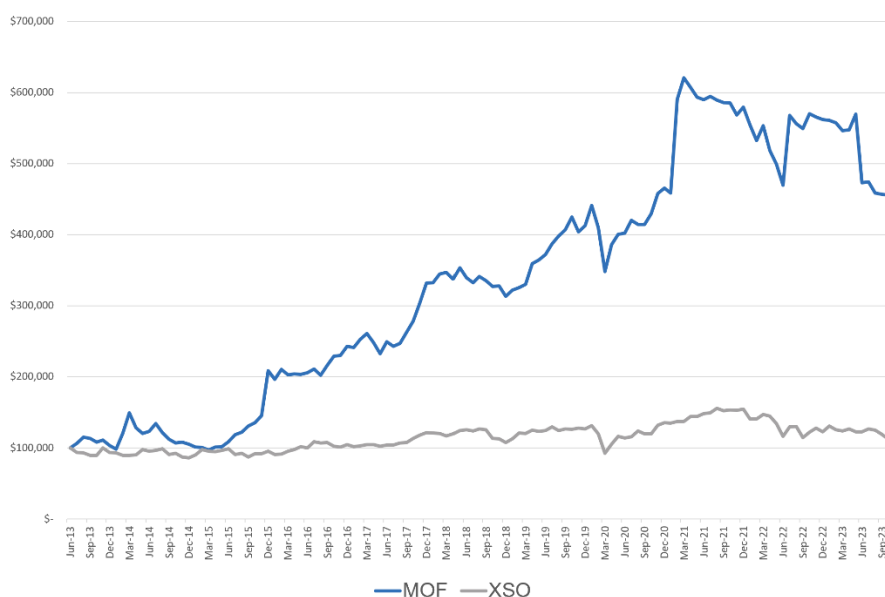
I'm about to be on a plane again to Germany and hopefully will be back for Christmas, but at this stage it's as uncertain as the global markets... what has been interesting to note over the last few weeks when the US Federal Reserve Chairman insinuated that the rate hiking cycle is over, has been retail money has flown back into the Crypto space at speed unseen over the last 5 years. There seems to be huge money on the sidelines waiting for the Fed to start reducing rates so I am hopeful that this is the pre-cursor to investors becoming more broadly bullish in the new year and we can finally see some movement in a positive direction as given I personally am one of the largest unitholders of the MOF, it's been a long winter...

Avid readers of this monthly blurb of mine will note that I have been suggesting for a while now this liquidity strike we are witnessing in the small cap market will unwind when rates look to have peaked. I'd suggest that this has certainly happened in most of the countries in the developed world and will probably have already happened here too. Whilst, technically economies could now fall into a recession (defined as two quarters of negative growth), I feel that the small cap market will be one of the brightest spots to invest into 2024 despite the recessionary headlines you will surely see. Sounds crazy and illogical but that is how markets work – shoot first and ask questions later and our market over the last 2 years has been downright awful so whilst the newspapers will sell only doom and gloom, I personally think we will have a better run market wise in our sector in 2024 vs 2023.

With that said, we obviously still face company and day to day investment risk in everything we do but I am hopeful that in 2024 we might have some tailwinds and can start getting some of the unlisted investments we have been carrying to listing and liquidity.

MERCHANT OPPORTUNITIES FUND (MOF) v ASX SMALL ORDINARIES INDEX (XSO) as at 30 November 2023

Value of \$100,000 invested June 2013



About Merchant

Merchant Funds Management Pty Ltd (“Merchant”) is an unlisted investment company that invests in emerging opportunities and undervalued companies listed or soon to be listed on the ASX and/or other recognised exchanges.

Established in 2011, Merchant is the Investment Manager of the Merchant Opportunities Fund (“MOF”) and Merchant Biotech Fund (“MBF”). With a high degree of management and employee ownership within our Funds, interests of the management team and unitholders are clearly and transparently aligned.

The investment focus of the Funds is predominantly micro to mid-cap companies outside the ASX 100.

The Funds are suitable for investors wishing to gain exposure in micro to mid-cap companies and are willing to accept highly volatile returns and increased levels of risk over the long-term, including returns that from time to time could be negative, and with the aim of seeking higher absolute returns over the long-term. An investment in the MOF or MBF should only be considered by investors with a high-risk tolerance and a long-term time horizon.

The Merchant Opportunities Fund has consistently outperformed, with returns (after fees) well ahead of the ASX Small Ordinaries Index over a 3-year, 5-year, 7-year and a 10-year period.

DISCLOSURE

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