



# Merchant Biotech Fund

## April 2024

### Unit Price

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30 April 2024	\$1.2319	31 October 2023	\$0.9823
31 March 2024	\$1.3940	30 September 2023	\$0.9314
29 February 2024	\$1.4877	31 August 2023	\$0.8356
31 January 2024	\$1.2747	31 July 2023	\$0.7693
31 December 2023	\$1.1471	30 June 2023	\$0.7950
30 November 2023	\$1.0058		

### Month in Review

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The equity market stumbled in April with the S&P 500 decreasing by 4.1%, breaking its streak of five consecutive positive months. The S&P 500 2024 year-to-date return is now +6.0%. The S&P also suffered its largest decline of the year when the index fell by -5.4%.

Finishing the month of April the points of interest have been: The Stock market' longest winning streak since 2021 comes to an end, US interest rate cut expectations postponed, but not cancelled this year and the Middle East conflict intensifies, but with modest market impact.

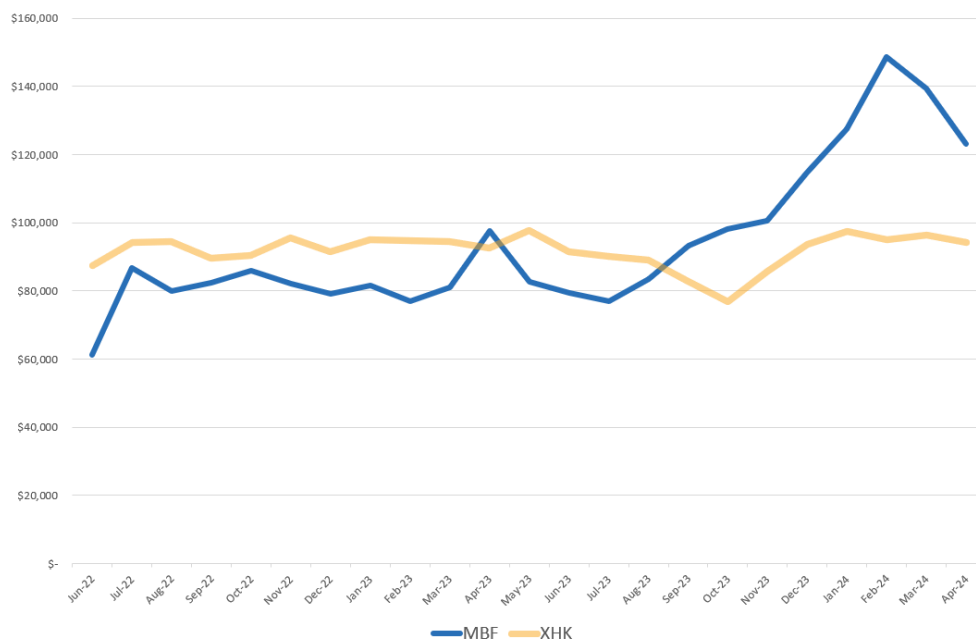
In April the biotech sector underperformed the broader equity markets, largely due to a bearish shift in interest rate expectations. After the announcement of three consecutive U.S. monthly inflation readings that were above expectations, investors began pricing in further delays in the timing of Federal Reserve interest rate cuts. 10-year Treasury yields increased markedly in April, pressuring small and mid-cap biotech stocks. Given our weighting in small cap biotech, the Fund performance was a little weaker. However, we continue to be optimistic that interest rate cuts will materialise this year and will be positive for the broader market and the biotech sector.

This month we take a look at the clinical-stage biopharmaceutical development and recently funded biotech Neurotech International Limited (ASX:NTI). MBF is bullish on NTI which is focused predominately on paediatric neurological disorders, where there is persistent neuroinflammation. NTIs lead broad-spectrum cannabinoid drug therapy NTI164 has shown success across a range of neurological conditions affecting children including PANDAS/PANS, autism spectrum disorder (ASD) and Rett syndrome.

NTI last month reported further primary and secondary endpoint analysis of its Phase 1/2 trial NTIRTT1 showing significant additional benefits in Rett syndrome girls after 12 weeks of daily oral treatment with its broad-spectrum cannabinoid drug therapy NTI164. Data from NTI's Phase 2/3 ASD trial shows 54 children originally suffering medium to severe autism were now living with only mild to medium autism after eight weeks of treatment, having improved on the autism scale/spectrum by a 1.65 point average. The extension of this Phase2/3 trial is under way with all 54 children. NTI is now well funded for what will come next – we're hoping engagement with the TGA (Australia's Therapeutic Goods Administration) is the starting point for a step change in the company's trajectory on the charts.

### MERCHANT BIOTECH FUND (MBF) v ASX HEALTHCARE 300 INDEX (XHK) as at 30 April 2024

Value of \$100,000 invested December 2021



## 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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