

Merchant Biotech Fund

May 2024

Unit Price

31 May 2024	\$1.1768	30 November 2023	\$1.0058
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

Month in Review

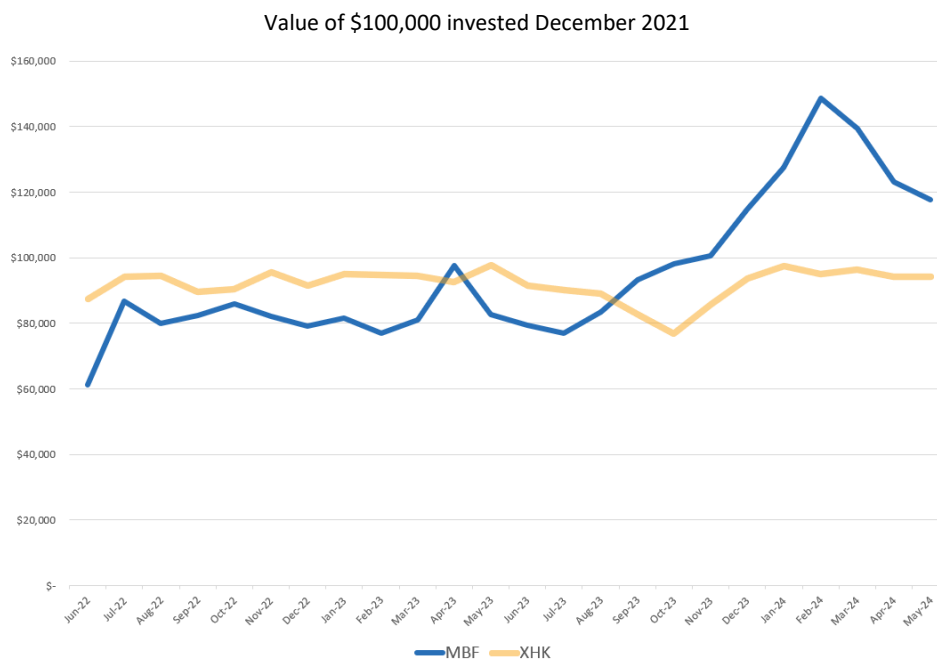
Equities returned to winning ways in May following a negative month in April after three straight months of positive gains in commence 2024. The Dow Jones Industrial Average rose 2.6% in May, the S&P 500 advanced 5%, and the NASDAQ surged 7%. EAFE (index that measures the performance of large-cap and mid-cap companies across 21 developed markets) gained 4% in May, while Small Caps outperformed Large Caps by three-tenths of a percentage point.

In Australia, the S&P/ASX 300 gained 0.9%, with the S&P/ASX 100 rising 1.0% and the Small Ordinaries remaining flat. The technology sector was the standout performer, surging 4.5%, while financials (+2.6%), utilities (+3.4%), and REITs (+1.9%) also outperformed. The Australian Government 2024/25 Budget added to inflation concerns given the front loading of spending and the cost-of-living support for households. This comes at a time when household incomes will get a mid-year boost from income tax changes. However, the inflationary consequences are still uncertain as it is not known whether additional income will be spent, saved or used to pay down debt.

It was an interesting month for the Merchant Biotech Fund (MBF). In terms of biotech stocks on the move the best performer in the biotech sector for the month was Telix Pharmaceuticals (TLX) with a gain of 20.6%. The majority of this came on the final day of the month after investors responded very positively to a trial update. The radiopharmaceuticals company released additional positive data from the ProstACT SELECT trial of TLX591. It is a lutetium-labelled rADC therapy for the treatment of adult patients with PSMA-positive metastatic castrate-resistant prostate cancer. Telix's chief medical officer, Dr David N. Cade, commented that: "TLX591 is a radio-ADC with significant potential advantages compared to small molecule radiopharmaceuticals in treating prostate cancer."

We now look ahead to June, where generally we see the tax loss selling come into play and wash through by the last week or so of the month. The MBF is excited with the assets in the portfolio and the outlook for June and into the 2025 financial year.

MERCHANT BIOTECH FUND (MBF) v ASX HEALTHCARE 300 INDEX (XHK) as at 31 May 2024



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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