

Innovation Strategy – Investment Newsletter

| Performance <i>(As at 30th June 2018)</i> | June Quarter (%) | Fin. Year to Date (%) | Cal. Year to Date (%) | Rolling 1yr (%) | Inception (%) |
|--|-------------------------|------------------------------|------------------------------|------------------------|----------------------|
| JMFG Innovation Strategy | -2.89 | +14.44 | -7.23 | +14.44 | +14.44 |
| Benchmark - Fixed Rate 10.25% pa | +2.53 | +10.25 | +5.05 | +10.25 | +10.25 |
| Outperformance | -5.42 | +4.19 | -12.28 | +4.19 | +4.19 |

Although the JMFG Innovation Strategy is generally representative of client portfolios, individual performance may differ from the results above. These differences can arise due to various issues, some of which may relate to initial timing of investments and cash inflows and outflows. Performance is calculated on a TWRR basis; non-annualised, includes fees but excludes the effects of franking credits and tax. Strategy Inception for Performance Data is July 1st 2017.

Quarter in Review- A review of events that influenced the portfolio in the June quarter

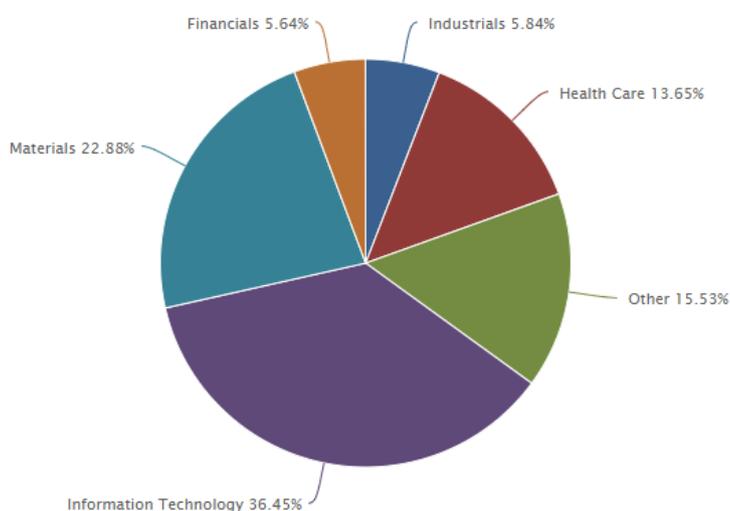
The JMFG Innovation portfolio, in its fourth quarter, declined 2.89%, behind its quarterly benchmark fixed rate cash return of 2.53%. For the 12 months of operation, the Innovation portfolio has increased by 14.44%, exceeding its benchmark of 10.25% for the period – but it underperformed the ASX Small Ordinaries Accumulation Index, which increased 24.25%.

The Innovation Strategy launched on 1st July 2017, with the aim of taking advantage of micro capitalisation companies that have developed unique concepts capable of either disrupting existing business practices, or selling such concepts/technologies to existing businesses to provide value enhancing efficiencies. The aim of the Innovation strategy is to exploit these micro capitalisation companies that JMFG traditionally would not invest in due to size or liquidity constraints. To ensure we can take meaningful positions in micro capitalisation businesses we envisage a maximum sustainable strategy size of \$50m.

The fund performed poorly during the quarter with DigitalX and Pointerra the worst performers, declining 55% and 40% respectively. These were offset by gains in Titomic, which more than doubled, and Rhipe which increased by 30%. A number of other stocks drifted during the quarter, resulting in the Innovation Strategy declining by 2.89%. During the quarter, we made several trades but retained the cash position around 14%. Only one new investment was added to the portfolio during the quarter, technology business The Data Exchange, a flexible data centre provider offering a more tailored solution to clients relative to traditional data centres.

During the quarter, we profitably reduced holdings in Titomic by two thirds, following a sharp rise in the share price. We removed Dropsuite and Livehire, given a lack of news flow in the case of the prior, and revenue growth in the case of the latter. We also added to our position in SenSen during periods of price weakness.

Innovation Strategy Industry Exposures – 30 June 2018



Principles of the Innovation Strategy

The JMFG Innovation Strategy is designed to take advantage of listed Australian micro capitalisation companies that have potential to grow exponentially.

Candidate companies typically have innovative concepts, technologies, or natural assets that are likely to be in demand through the development of technologies which have potential to become a part of everyday life within the foreseeable future.

We aim to acquire companies once the technology or concept has been largely developed with commercialisation at or very close to realisation. We expect initial equity upside potential to be within the coming quarters, and sustainable upside for several years as execution of growth strategies are realised.

In most circumstances, we aim to have a close relationship with management to ensure the companies invested in have the necessary skills to take their business from concept stage through to full commercialisation. We would normally expect management to have a significant personal exposure to the success of the business.

JMFG Innovation Strategy – Results Overview for Quarter Ending June 2018

Hits & Misses – A summation of the top hits and misses for the portfolio during the June quarter

Titomic – up 101.5%

During the quarter, Titomic completed an oversubscribed \$12m placement and signed collaboration agreements and MoU's, with Callaway Golf and Italian shipbuilder Fincantieri, to undertake bespoke testing of Titomic's metal 3D printing technology.

Rhipe – up 30.2%

Rhipe was appointed to Microsoft New Zealand's Cloud Solution Provider (CSP) program from 1 July 2018. Adding CSP to the portfolio should help Rhipe to drive growth in Microsoft's Public Cloud Azure platform and other subscription-based offerings.

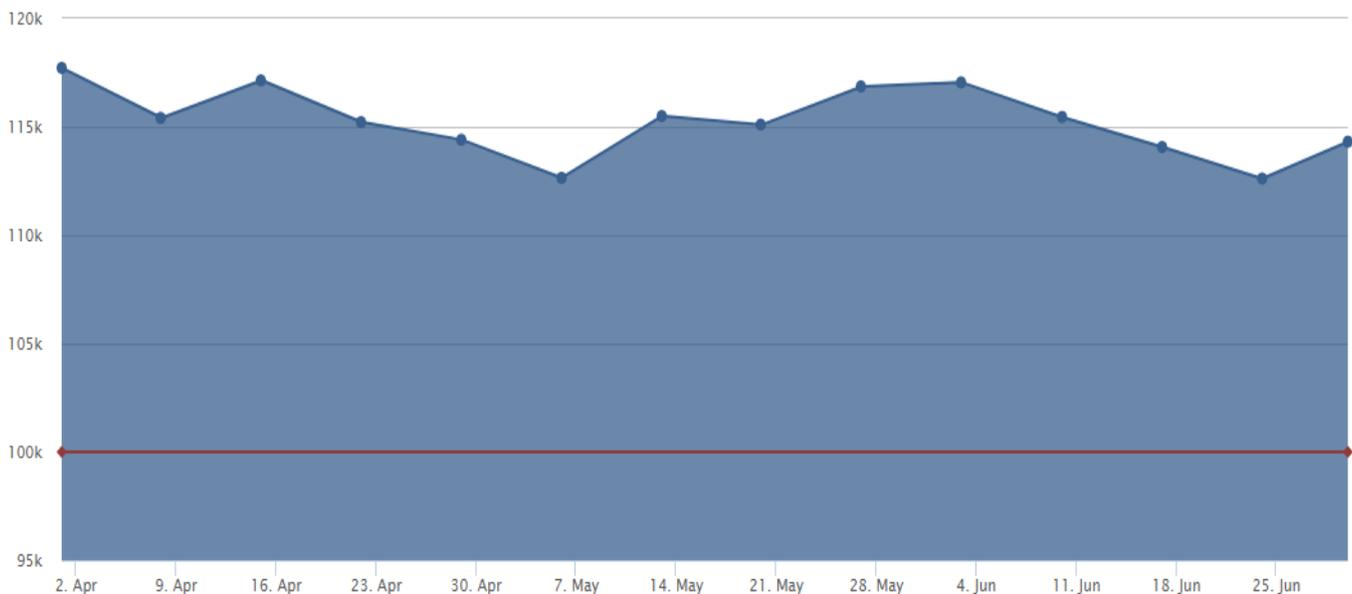
Pointerra – down 40.3%

Despite announcing the expansion of its Australian 3D Data Marketplace with the signing of a Data Marketplace Business and Partnership Agreement with Land Surveys, the stock traded substantially lower. Very low Q3 customer receipts did not help market sentiment.

DigitalX – down 54.6%

Share value of this cryptocurrency advisory and fund management business struggled through the quarter, most likely (at least in part) due to the decline in cryptocurrency prices.

Innovation Progress [per \$100k Invested at Inception 01 July 2017]



Top 5 Holdings by Weight at End June 2018 Quarter

| | | |
|---------------------------|-------------|---|
| Rhipe Ltd | 8.1% | Reseller and promoter of transformational software systems for SMEs |
| PolyNovo | 7.1% | Dressing for full-thickness wounds and potential for use in reconstructive surgery |
| Echo Resources | 6.3% | Redevelopment of an existing mine and strategic processing plant |
| Mach7 Technologies | 5.7% | Medical software for the efficient access and use of healthcare data and imaging |
| Matador Mining | 5.7% | Mineral explorer focused on a unique gold project in Newfoundland, Canada |