

## Small Companies Strategy – Investment Newsletter

Performance (As at 30 <sup>th</sup> April 2021)	Month (%)	Rolling 3 Months (%)	Rolling 1yr (%)	Rolling 3yrs (%)	Inception Gross (%)	Inception Annualised (%pa)
<b>JMFG Small Companies Strategy</b>	<b>+4.92</b>	<b>+4.58</b>	<b>+47.59</b>	<b>+64.46</b>	<b>+210.00</b>	<b>+18.01</b>
Small Ords Accumulation Index	+4.98	+7.44	+39.78	+29.87	+88.39	+9.72
<b>Outperformance</b>	<b>-0.06</b>	<b>-2.86</b>	<b>+7.81</b>	<b>+34.59</b>	<b>+121.61</b>	<b>+8.29</b>

Although the JMFG Small Companies 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 after management fees (post 1 Jan 2017), performance fees (paid or accrued), GST, and excludes the effect of franking credits. Strategy Inception for Performance Data is July 1st, 2014.

### Month in Review – A review of events that influenced the share market and portfolio in April

The JMFG Small Companies Strategy rose steadily for the month of April, rising 4.92%, slightly falling short of the Small Ordinaries Accumulation Index which also had a strong month, rising 4.98%, resulting in minor underperformance against the benchmark of 0.06%. The Strategy underperformed its benchmark by 2.86% for the rolling 3 months but has outperformed the benchmark by 7.81% for the rolling year. The annualised return since inception, over six years ago, is 18.01%, compared to its benchmark return of 9.72% p.a.

The I.T. sector was the strongest performing sector in the broader market, rising 9.7% for the month, reversing the losses of the prior month. Other strong sectors included Materials +6.8%, Industrials +4.3%, Financials +3.1%, HealthCare +3.1%, and Property Trusts +2.9%. The weaker performing sectors included Energy -4.9%, Consumer Staples -2.5%, Utilities -1.2%, Telecommunications +2.72%, and Consumer Discretionary +2.8%. Commodity prices had another strong month with iron ore rising a further 7%, whilst spot copper, nickel, and lead rose between 8-12% – but tin was the standout for the month, rising 18% to be over double its price of 12 months ago.

Trading during the month was primarily focused on fine-tuning position sizes. We took up our entitlement in the Regis Resources capital raising, although subsequently reduced our position at slightly higher prices. We exited St Barbara and NRW Holdings, each after reporting disappointing results. We also moderated positions in Universal Biosensors and PolyNovo which have both had strong rises since our previous buying. Alcicion Group was the only new stock added to the portfolio, which we entered via participation in its capital raising. Alcicion Group has long been a member of the Innovation Strategy and was recently added to the Australian Equities Strategy as the company continues to grow and win more contracts.

The strongest performers for the portfolio during the month included:

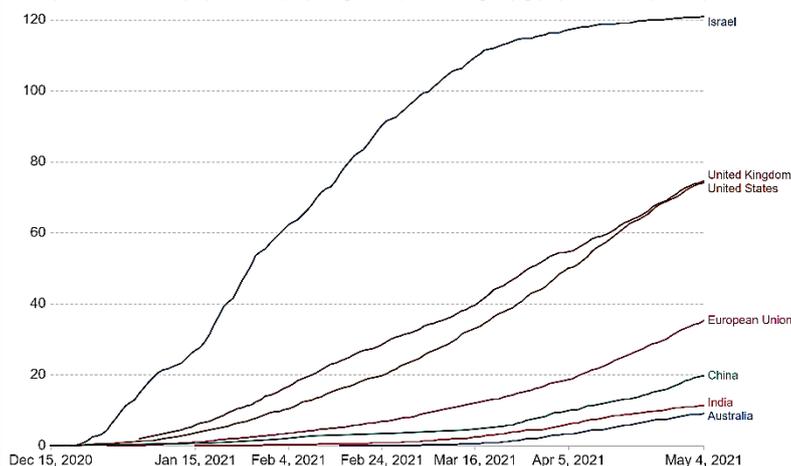
- Universal Biosensors +41%, Megaport +30%, Mineral Resources +26%, and PKS Holdings +22%

The weakest performers for the portfolio during the month included:

- Beach Energy -26%, Opthea -9%, Top Shelf International -8%, and Class -7%

### Chart of the Month – The Global COVID-19 Vaccine Rollout

COVID-19 vaccine doses administered per 100 people  
Total number of vaccination doses administered per 100 people in the total population. This is counted as a single dose, and may not equal the total number of people vaccinated, depending on the specific dose regime (e.g. people receive multiple doses).



Source: Official data collated by Our World in Data

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Over the past few months, various COVID-19 vaccines have been rolled out around the globe with great variability between countries regarding the speed of their rollout. The chart to the left shows the number of doses administered per 100 people and shows a few countries of interest. It should be noted that the number of doses administered does not equal the number of people fully vaccinated, as many vaccines require more than one dose and some countries do not report the number of fully vaccinated people, only the number of doses. Israel is a standout performer with the country now having administered more than one dose per person. The UK and USA have been two of the better-performing large population countries with vaccinations still accelerating. The slow rollout in India has been further hampered by the soaring case numbers in recent weeks. Then there is Australia, where the vaccine rollout has not managed to ramp up due to supply and logistics issues.

JMFG Small Companies Strategy		ASX Small Ordinaries Index	
Best	Worst	Best	Worst
Universal Biosensors (UBI)	Beach Energy (BPT)	Galaxy Resources (GXY)	Coronado Global Resources (CRN)
Alcidion Group (ALC)	Opthea (OPT)	De Grey Mining (DEG)	Whitehaven Coal (WHC)
Megaport (MP1)	Top Shelf (TSI)	Orocobre (ORE)	Nuix (NXL)

### Hits & Misses – A summation of the top hits and misses for the month of April

**Universal Biosensors (UBI)** – up 41% for the month. During April, Universal Biosensors announced several distribution deals for its Sentia wine testing device; however, these deals gave no firm commitments for orders or revenue. The company also announced an exclusive licensing and supply agreement with Lubris BioPharma to develop and commercialise a Tn Antigen biosensor for cancer diagnostics.

**Galaxy Resources (GXY)** – up 55% for the month (Not held). Galaxy Resources released its Q1 activities report which achieved production guidance provided in the prior quarter. The company also reported Q2 contracted shipments priced at US\$600/dmt of lithium carbonate, 25% higher than the prior quarter. Galaxy also entered an agreement to merge with Orocobre via Scheme of Arrangement. The merged entity will overtake Pilbara Minerals to become Australia’s biggest lithium company and be a top 5 global lithium producer.

**Beach Energy (BPT)** – down 26% for the month. On the last day of April, Beach Energy released its quarterly report which included a downgrade to FY21 oil production guidance and substantial downgrades to oil and gas reserves contained in its Western Flank resource. Beach also withdrew its 5-year outlook as it re-assesses the impact of the resource downgrade.

**Coronado Global Resources (CRN)** – down 34% for the month (Not held). Coronado released its Q1 activities report which had coal sales down 10.5% QoQ. The company also reported that cost per tonne sold was above guidance although it expects this to improve to meet its full-year guidance. After going into suspension towards the end of the month, Coronado announced major restructuring whereby the company would raise US\$100m by an asset-based loan, US\$350m by a 5-year loan, and US\$100m of equity.

### Due Diligence – A closer look at a stock of interest

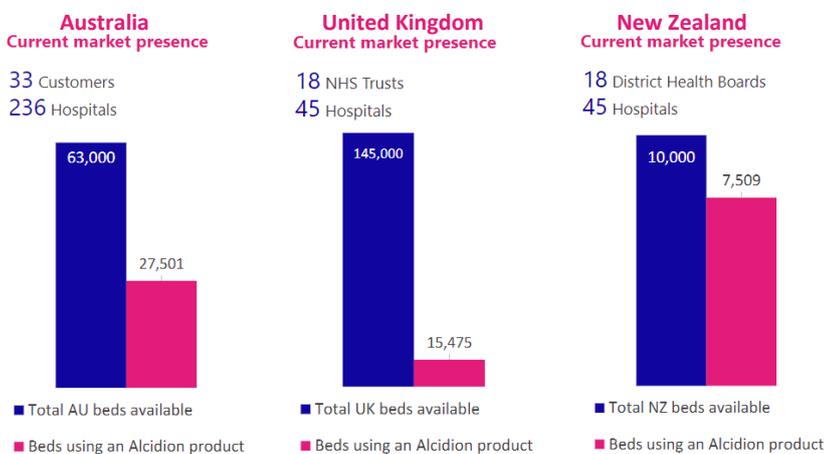
#### Alcidion Group (ALC)

Alcidion is a medical software company that develops clinical decision support systems to healthcare providers. Rather than simply acting as a large data repository, like an electronic medical record (EMR), Alcidion systems aid clinicians in making safe and effective patient care decisions. The three main products Alcidion sells are Miya Precision, Smartpage, and Patienttrack.

Miya Precision is Alcidion Group’s flagship product that collates existing patient EMR data with real-time data from multiple systems. These data are then processed and consolidated to provide decision-useful information to clinicians based on patient status, which can be accessed via the Miya Memory mobile application wherever needed.

Smartpage is a hospital communication system used to facilitate task management and patient handover. The Smartpage Clinical platform is used for communication between clinicians regarding ongoing patient treatment. Alternatively, the Smartpage Non-Clinical platform is used for communication with non-clinical hospital staff regarding more general patient care.

Miya Observations (formerly Patienttrack) is used in medical centres for ongoing patient monitoring. The platform allows for the capture of bedside data that can be used to notify clinicians of deterioration in patient condition and to take action early. Patienttrack collects data either via bedside monitors or allows for staff to directly enter observations into a bedside device. Patienttrack is integrated with the Miya precision system so that ongoing monitoring is tailored to the specific needs of the patient.



Alcidion is quickly gaining momentum in winning contracts with its product offering, and the acquisition of ExtraMed, a leading UK patient flow management software provider, increases its presence among NHS Trusts while bolstering the product offering. Alcidion also announced, at the time of the acquisition, that it had been selected as the preferred provider for a Department of Defence contract. If negotiations are successful, the contract is estimated to generate Alcidion A\$21m in revenue over 5.5 years. Management expects momentum to continue, with a strong second half fuelled by hospitals returning to pre-COVID-19 levels and continued winning of contracts in Alcidion’s target markets.