

## Innovation Strategy – Investment Newsletter

Performance (As at 30 <sup>th</sup> June 2021)	Quarter (%)	Rolling 1yr (%)	Rolling 3yr (%)	Inception Gross (%)	Inception Annualised (%)
<b>JMFG Innovation Strategy</b>	<b>+3.60</b>	<b>+46.68</b>	<b>+108.91</b>	<b>+138.86</b>	<b>+24.34</b>
Benchmark - Fixed Rate 10.25% pa	+2.50	+10.25	+34.01	+47.71	+10.25
Emerging Companies Accumulation Index	+8.30	+59.24	+51.70	+86.92	+16.94
<b>Outperformance vs Benchmark</b>	<b>+1.10</b>	<b>+36.43</b>	<b>+74.90</b>	<b>+91.15</b>	<b>+14.09</b>

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 – and is after management fees, taxes (excl imp. credit benefits) and any paid or accrued performance fees. Strategy Inception for Performance Data is July 1<sup>st</sup> 2017. S&P ASX Emerging Companies Accumulation Index (XECAI) is shown as a comparison guide only.

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

The JMFG Innovation Strategy grew 4.04% in the June quarter to finish in excess of 45% higher over the financial year and 107% higher over a three-year period. The JMFG Innovation Strategy has substantially exceeded its 10.25% annual fixed-rate benchmark over all periods. Whilst the Emerging Companies Accumulation Index is not an entirely appropriate benchmark for the JMFG Innovation Strategy, it does provide some form of relative market measure. We expect returns for the JM Innovation strategy to be volatile around its benchmark and the Emerging Companies Index, given the fund's concentration and investments in several micro-capitalisation companies outside the Emerging Companies Index.

The Innovation portfolio continues to be dominated by Health Care names, at around 42% by value, with a mix of I.T businesses making up 21% and the balance a mix of materials and consumer businesses. Cash in the portfolio at the end of the quarter fell to 15% as we entered several new positions. During the quarter, we added several new stocks to the portfolio including Elementos, a potential tin producer with tin a key ingredient in modern battery anode developments. Other new stocks included PropTech Group, a real estate software services business, and Matador, a Perth-based miner with exposure to gold in the Canadian province of Newfoundland. We exited investments in SelfWealth and Aroa Biosurgery, added to positions in Alcideon and Class, and reduced holdings across a range of companies, several on price strength, including PolyNovo, Universal Biosensors, and Hydrix. We also began to exit Resonance Health and Top Shelf International.

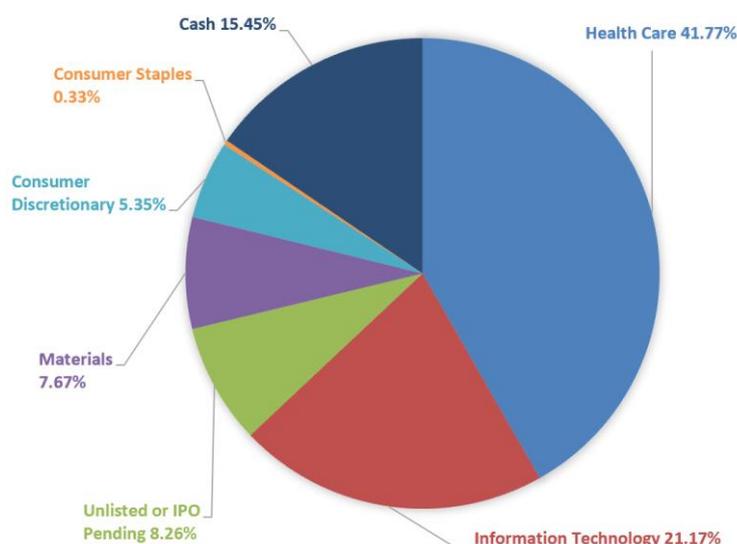
The strongest performers for the portfolio during the quarter included:

- Universal Biosensors +60%, Elementos +45%, and Big Tin Can Holdings +28%

The weakest performers for the portfolio during the quarter included:

- ImExHS -30%, Resonance Health -20%, and Top Shelf International Holdings -20%

### Innovation Strategy Industry Exposures – 30 June 2021



### 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 2021

### Hits & Misses – A summation of the strongest and weakest stocks in the portfolio during the quarter

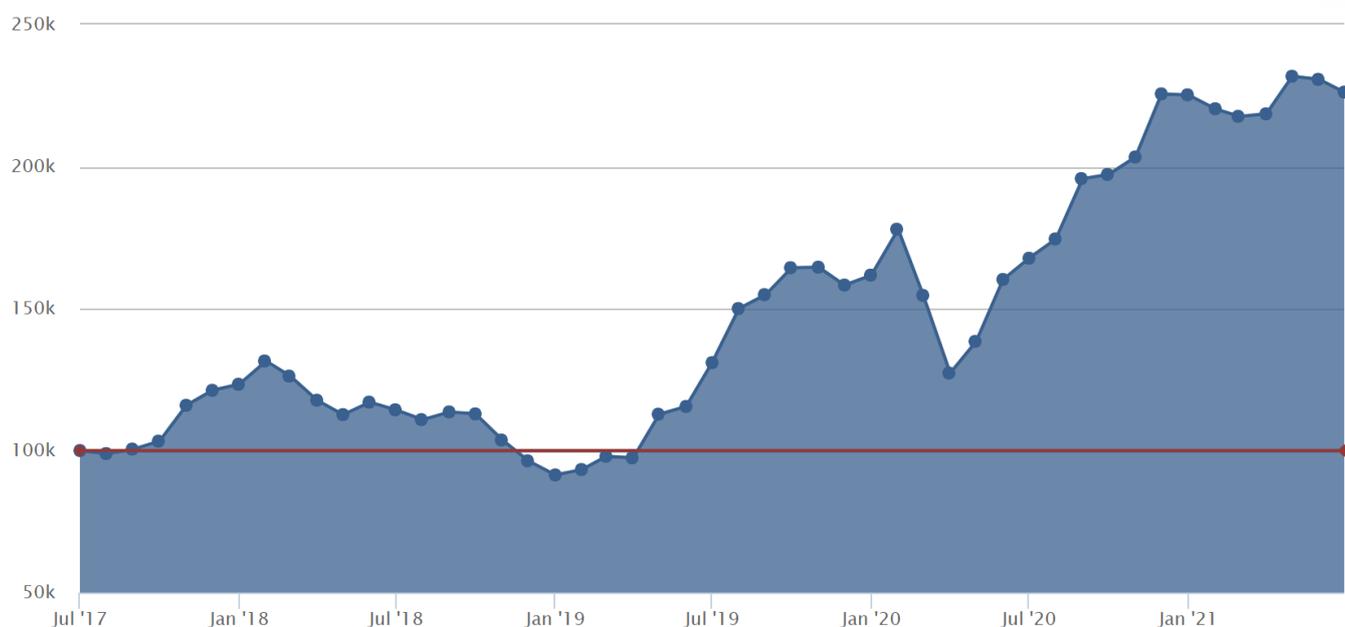
**Universal Biosensors (UBI)** – up 65%. Several deals signed through the quarter, expanding distribution for Sentia into South Africa, New Zealand, Chile, USA, and Canada. Company also inked an exclusive global perpetual agreement to licence and supply a Tn Antigen cancer biosensor developed by Deakin, Swinburne, and Wollongong Universities using technology from Lubris BioPharma LLC. Company also announced inaugural sales of Sentia to companies operating wineries throughout south and west Europe progressing ahead of forecasts.

**Elementos (ELT)** – up 45%. A strong tin price, ongoing development of the Oropresa Tin Project in Spain and completion of a \$6m capital raising were the key news items for Elementos during the quarter. Ongoing drilling continues to prove up the resource. The tin price over the quarter increased from around US\$28,000/t to US\$33,000/t.

**Resonance Health (RHT)** – down 23%. The quarter saw Resonance shares stagnating through the quarter on minimal news flow, with key points including change of CEO and management, and a decision to extend R&D into molecular antiviral compounds as treatment vectors for chronic Hep-B, potentially setting a path to diversify the company beyond detection systems into biotech therapeutics.

**ImExHS (IME)** – down 33%. With little to no news, the main catalyst for the company's declining support in the market through the quarter was its March quarterly cashflow announced at the end of April, in which the trend showed a tapering off in sales growth. Shortly after the quarter closed, ImExHS redeemed itself announcing it grew the Aquila-in-the-Cloud contracts count by 40% through the quarter.

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



### Top 5 Holdings by Weight at End June 2021 Quarter

<b>Mach7 Technologies</b>	<b>10.5%</b>	Medical software enabling efficient access/use of healthcare data and imaging
<b>Alcidion</b>	<b>10.4%</b>	Medical software for records management, patient flow, clinical decisions support
<b>PropTech Group</b>	<b>6.2%</b>	SaaS platform and services to property investors for data-driven decision-making
<b>Dusk Group</b>	<b>5.3%</b>	Omnichannel specialty retailer of aromatic candles, diffusers, oils, homewares etc
<b>Codan</b>	<b>5.2%</b>	Electronics and communications devices and solutions for global markets