

## Innovation Strategy – Investment Newsletter

Performance (As at 30 <sup>th</sup> September 2021)	Quarter (%)	Rolling 1yr (%)	Rolling 3yr (%)	Inception Gross (%)	Inception Annualised (%)
<b>JMFG Innovation Strategy</b>	<b>-2.85</b>	<b>+18.96</b>	<b>+103.94</b>	<b>+132.05</b>	<b>+21.91</b>
Benchmark - Fixed Rate 10.25% pa	+2.50	+10.25	+34.01	+51.38	+10.25
Emerging Companies Accumulation Index	+18.76	+55.90	+84.77	+121.98	+20.64
<b>Outperformance vs Benchmark</b>	<b>-5.35</b>	<b>+8.71</b>	<b>+69.93</b>	<b>+80.67</b>	<b>+11.66</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 September quarter

The JMFG Innovation Strategy fell 2.85% in the September quarter to finish almost 19% higher over the year to date and 104% higher over a three-year period. The JMFG Innovation Strategy continues to exceed its 10.25% annual fixed-rate benchmark over all longer-term 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 for the typical size of companies invested in. However, we expect returns for the JMFG Innovation Strategy to be volatile around both 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 39% by value and a mix of I.T. businesses making up 23%. Materials overall has increased as a percentage to 12% of the portfolio due to a combination of new positions being entered over the quarter and strong returns for some holdings. While Materials exposure has increased, it is still a relatively small percentage compared to the Materials representation within the S&P/ASX Emerging Companies Index. Although Materials may continue to increase as a portion of the portfolio, we expect the strategy to remain substantially geared toward Health Care and I.T. names as these sectors offer more opportunities aligned with the objectives of the JMFG Innovation Strategy. During the quarter, we also moderated a number of the more speculative positions in the portfolio to address some liquidity risk.

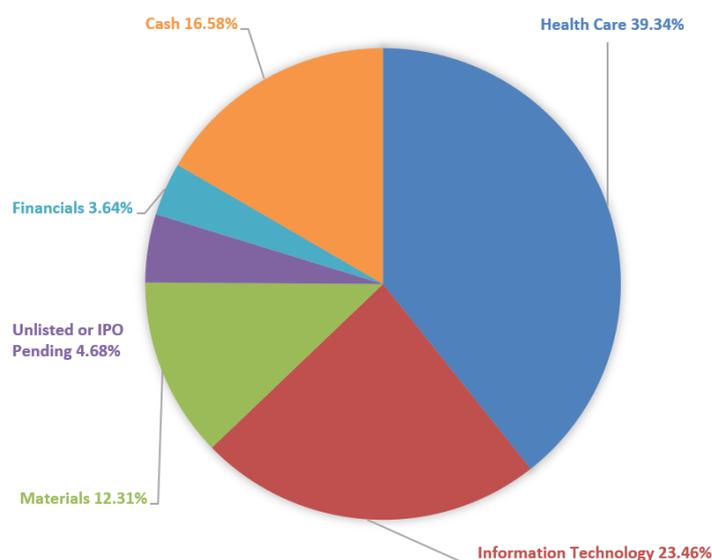
The strongest performers for the portfolio during the quarter included:

- Elementos +56%, Beamtree Holdings +42%, and Lotus Resources +24%

The weakest performers for the portfolio during the quarter included:

- Resonance Health -42%, PolyNovo -32%, and PropTech Holdings -19%

### Innovation Strategy Industry Exposures – 30 September 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 September 2021

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

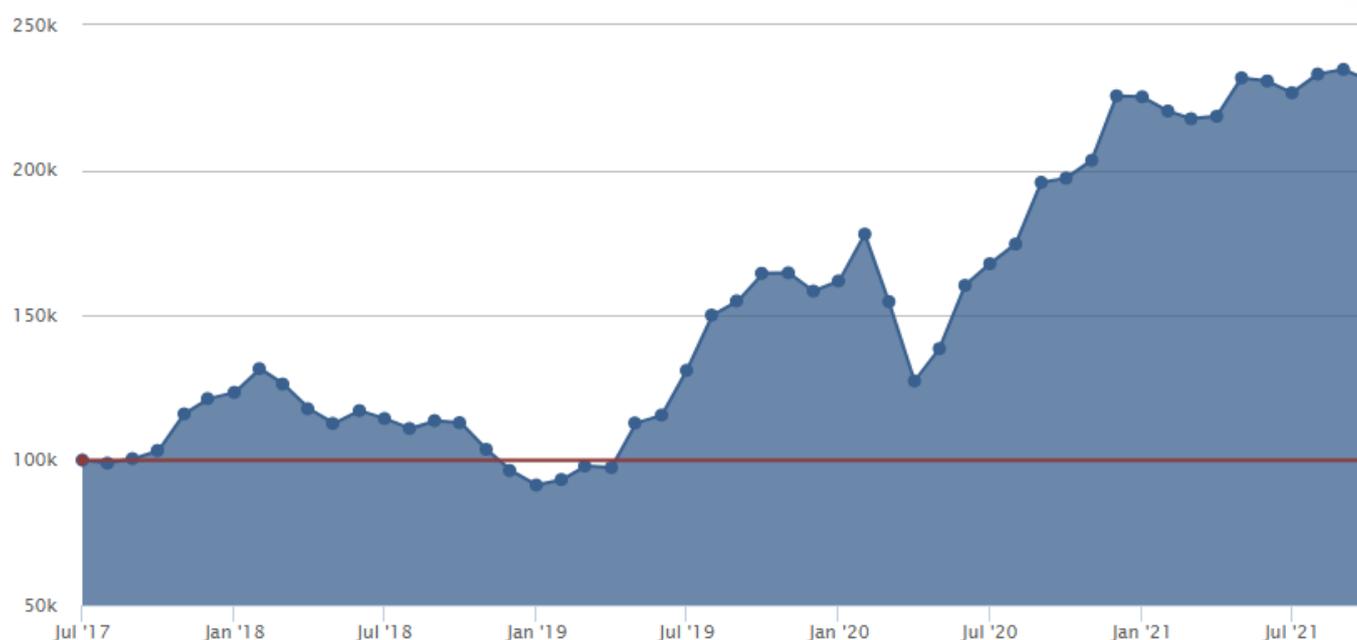
**Elementos (ELT)** – up 56%. Elementos is developing a significant tin mine in Spain with a DFS and JORC assessment currently underway. Share price is benefitting from good results at its pilot scale metallurgical test site nearing completion and is supported by a sustained rally in tin price for the past 12 months. Tin supply is critical for all growing electronics segments such as renewable energy, IT, and EVs.

**Beamtree Holdings (BMT)** – up 42%. Formerly PKS Holdings, Beamtree has strengthened its position in the provision of top-down clinical decision support and patient management technology for healthcare providers large and small. Company announced a few “good news” events during the quarter, including a 5-year collaboration with University of Sydney and acquisition of data analytics firm Potential(x).

**PolyNovo (PNV)** – down 32%. Despite good results with growing revenue and enrolment of its first patient in a BARDA pivotal trial, progress remains short of expectations set before the coronavirus pandemic created headwinds for expanding sales into hospitals for the whole category. Sentiment further weakened on announcement of delays in approval of its much-anticipated hernia product.

**Resonance Health (RHT)** – down 42%. Company has seen investor support evaporate since the departure of its CEO in June and weak cashflow reported in July. While disappointing for stakeholders backing the company’s innovative approach to non-invasive liver disease diagnostics, the impact to the portfolio overall was relatively minor given the smaller initial risk-appropriate weighting taken.

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



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

<b>Mach7 Technologies</b>	<b>10.7%</b>	Medical software enabling efficient access/use of healthcare data and imaging
<b>Alcidion</b>	<b>9.5%</b>	Medical software for records management, patient flow, clinical decisions support
<b>Tesserent</b>	<b>5.5%</b>	Cybersecurity and data security-as-a-service specialty products and services
<b>PropTech Group</b>	<b>5.2%</b>	SaaS platform and services to property investors for data-driven decision-making
<b>Beamtree Holdings</b>	<b>4.9%</b>	(ex PKS Holdings) Comprehensive enterprise data platform for healthcare providers