

## Innovation Strategy – Investment Newsletter

Performance (As at 31 <sup>st</sup> December 2021)	Quarter (%)	Rolling 1yr (%)	Rolling 3yr (%)	Inception Gross (%)	Inception Annualised (%)
<b>JMFG Innovation Strategy</b>	<b>-6.0</b>	<b>-6.3</b>	<b>+137.6</b>	<b>+117.2</b>	<b>+18.8</b>
Benchmark - Fixed Rate 10.25% pa	+2.5	+10.3	+34.0	+55.1	+10.3
Emerging Companies Accumulation Index	+8.3	+43.8	+139.2	+140.3	+21.5
<b>Outperformance vs Benchmark</b>	<b>-8.5</b>	<b>-16.6</b>	<b>+103.6</b>	<b>+62.1</b>	<b>+8.5</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 December quarter

The JMFG Innovation Strategy fell 6.0% in the December quarter to finish down 6.3% over the whole calendar year. The portfolio nevertheless remained strong over the rolling three-year period showing 137.6% growth. 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 applicable benchmark for the JMFG Innovation Strategy, it does provide a loosely comparable market measure. Returns for the JMFG Innovation Strategy are expected 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, and the large bias towards Materials Sector composition for that Index compared with our Innovation Strategy.

The Innovation portfolio continues to be dominated by Healthcare names at around 34% by value and a mix of I.T. businesses now making up 30%. Materials overall grew to around 19% of the portfolio. Despite recent months showing market strong support for the Materials Sector, this has been largely biased towards mining companies that do not fit the Innovation Strategy's mandate. The portfolio is expected to remain substantially geared toward Healthcare and I.T. names as these sectors offer more opportunities aligned with the objectives of the JMFG Innovation Strategy. During the quarter, Serko and Credit Clear were added, and Dubber topped up on price weakness. Strandline Resources was also added to bolster and diversify technology-linked materials exposure.

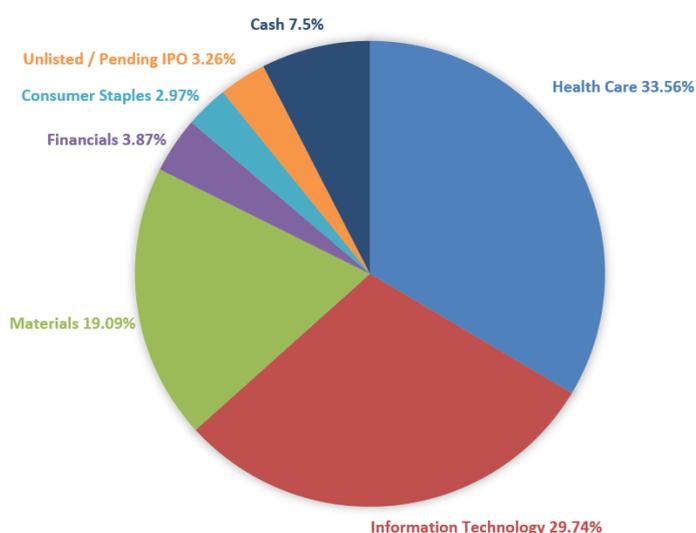
The strongest performers for the portfolio during the quarter included:

- Class +57%, Strandline Resources +40%, and Lotus Resources +32%

The weakest performers for the portfolio during the quarter included:

- Clarity Pharmaceuticals -45%, Tesserent -26%, and Betmakers Technology Group -26%

### Innovation Strategy Industry Exposures – 31 December 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 December 2021

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

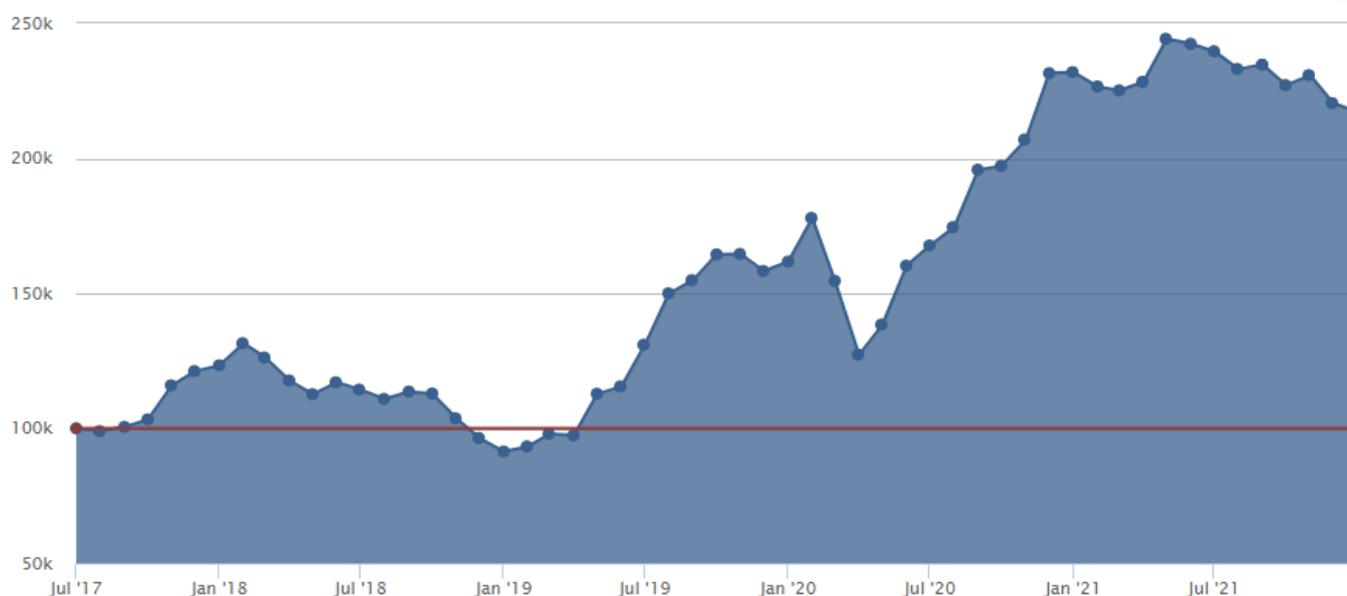
**Class (CL1)** – up 57%. Class provides cloud-based software solutions for administration and accounting of investment portfolios primarily in the non-self-managed superannuation funds space. Share price jumped in October on news of takeover offer from Hub24 and drifted down slightly subsequently in subsequent months as timing of the takeover became uncertain. Hub24 has increased the offer consideration in lieu of a due dividend being paid. The Scheme Meeting has received Court approval and will be held at the end of January.

**Strandline Resources (STA)** – up 40%. Strandline is a mineral sands specialist with assets in Australia and Tanzania. The company rose on its mid-November announcement regarding a 10-year logistics and storage services agreement with Qube for the Coburn WA project and the subsequently announced details of a signed Framework Agreement with the Tanzanian Government. The company confirmed Coburn construction is ahead of schedule, at or below DFS forecast costs, and now 1 year away from maiden shipment.

**Clarity Pharmaceuticals (CU6)** – down 45%. Clarity offers targeted theranostic pharmaceuticals for diagnosis and treatment of various oncological diseases. During the quarter, the company announced new drug application filings sent to the US FDA, prostate cancer trial recruitment progress, and an agreement with Cardinal Health to develop and commercialise Clarity's Targeted Copper Theranostics platform.

**Tesseract (TNT)** – down 26%. Managed IT security solutions specialist, Tesseract, has seen market drifting sentiment over recent months, despite positive acquisitions through the quarter that will secure capability for the company to increase its reach into government departments, and a reseller agreement partnership with Vocus to see Tesseract services offered to the network provider's enterprise clients.

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



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

<b>Alcidion</b>	<b>9.2%</b>	Medical software for records management, patient flow, clinical decisions support
<b>Mach7 Technologies</b>	<b>8.9%</b>	Medical software enabling efficient access/use of healthcare data and imaging
<b>Class</b>	<b>6.6%</b>	Cloud-based accounting and management software solutions for super funds
<b>Universal Biosensors</b>	<b>5.1%</b>	Point-of-care cell-level diagnostic testing technology devices and systems
<b>Strandline Resources</b>	<b>5.0%</b>	Minerals sands mining with novel transportable modular process plant technology