

Opportunities Strategy – Investment Newsletter

Performance (As at 31 st March 2022)	Quarter (%)	Rolling 1yr (%)	Rolling 3yr (%)	Inception Gross (%)	Inception Annualised (%)
JMFG Opportunities Strategy	-5.7	-10.1	+109.2	+104.9	+16.3
Benchmark - Fixed Rate 10.25% pa	+2.4	+10.3	+34.0	+58.9	+10.3
Emerging Companies Accumulation Index	+0.2	+39.6	+113.5	+140.9	+20.3
Outperformance vs Benchmark	-8.1	-20.4	+75.2	+46.0	+6.0

Although the JMFG Opportunities Strategy is generally representative of client portfolios, individual performance may differ from the results above. These differences can arise due to various reasons, 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 1st, 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 March quarter

The strategy has been renamed the JMFG Opportunities Strategy (formerly JMFG Innovation Strategy). This reflects a decision to broaden the opportunity set of the portfolio to all sectors to take account of the evolving nature of world markets and the changing landscape, particularly regarding inflation and interest rates, and will increase the range of investments available to the portfolio.

The JMFG Opportunities Strategy fell 5.7% in the March quarter to finish the quarter behind its absolute return styled benchmark by 8.1%. Performance over the last year is also behind the benchmark, however the Strategy continues to exceed its 10.25% annual fixed-rate benchmark over all longer-term periods with the rolling three-year period showing 109.2% growth. Performance has been impacted by the portfolio's bias to technology stocks which had a particularly soft quarter, being down 15.0% as measured by the ASX All Technology Index.

This quarter, several changes were made to the portfolio to exit a few lower-conviction positions and increase weightings to existing higher-conviction positions. The portfolio now has an increased concentration with around 15 high-conviction positions and 20% cash, allowing the strategy to take advantage of opportunities that may arise going forward. The sector composition chart shows that Materials stocks are now the dominant theme in the portfolio at 34.4% weighting, up from 19.1% last quarter. Healthcare and Technology sectors remain strong themes but have reduced by around 10% each to 24.1% and 19.4%, respectively. These sector changes are consistent with the strategy's broadened opportunity set and reflect positions identified to have the most upside. Early signs of a turnaround in performance were seen in the month of March.

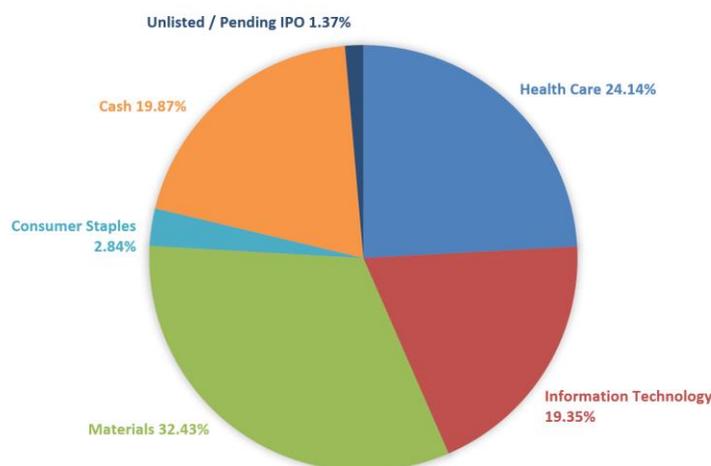
The strongest performers for the portfolio during the quarter included:

- Strandline Resources +61%, Elementos +47%, and Jervois Global +38%

The weakest performers for the portfolio during the quarter included:

- Serko -31%, PolyNovo -28%, and Megaport -25%

Opportunities Strategy Composition – End of Quarter



Principles of the Opportunities Strategy

The JMFG Opportunities Strategy is designed to take advantage of opportunities presented in listed Australian companies that have potential for significant growth.

Candidates may typically be smaller, or micro capitalisation companies and can originate from any sector. They may include companies with innovative concepts and technologies, or have natural assets that are in demand, or a significant organic or acquisition led growth opportunity, or feature mis-priced assets offering substantial value.

Growth opportunities will generally have the technology, concept, or asset largely developed with commercialisation at, or close to, realisation. Initial equity upside is expected within the coming quarters, along with sustainable upside for several years as execution of growth strategies are realised.

In smaller companies, the aim is to develop a close relationship with management, to ensure the companies are led with the necessary skills to take their business plans through to full commercialisation, and for management to have a significant personal exposure to the success of their business in a way that fosters decision-making that aligns with shareholder interests.

Opportunities Strategy Hits & Misses – March 2022 Quarter

Strandline Resources (STA) – up 61%. Several positive announcements through the quarter continued to drive increased interest in the stock. Construction in the Coburn project continues to be delivered on time and budget, with the potential for an earlier than planned start to production in Q4 2022. Meanwhile, progress in Tanzania continues with environmental approval received for the Tajiri project and offtake discussion taking place. The mineral sands sector continues to see increasing prices due to strong demand.

Elementos (ELT) – up 47%. Investor interest in Elementos has increased due to the limited amount of tin mines being developed and strong demand outlook. Progress was made during the quarter with additional drilling and the release of results following an optimisation study at the Oropesa tin project in Spain which saw a material increase in the scale and economics of the project. Furthermore, the strong tin price continues to provide a favourable backdrop.

Serko (SKO) – down 31%. Serko's technology-led solution for the travel sector remains under pressure as the recommencement of travel continues to take longer than expected. In February, the company announced that it was reducing full year revenue guidance from NZ\$21-25mil to NZ\$18-20.5m due to the impacts of Omicron on the business travel market. In March, Serko reaffirmed this guidance and stated there had been minimal impact so far from the Russian invasion of Ukraine.

PolyNovo (PNV) – down 28%. Following strong first half sales results in February, investors remain wary of a capital raising as the company continues to invest in sales staff in USA and Australia to take advantage of the growth opportunity. PolyNovo continues to expect a strong second half results driving a cash-positive result for the full year, thus not requiring additional capital raised. PolyNovo also remains a heavily shorted stock.

Opportunities Strategy Historical Progress – per \$100k Invested at Inception 01 July 2017



Top 5 Holdings – End of Quarter

Credit Clear	Receivables management and collection with a digital-led solution
Elementos	Tin exploration company with assets in Spain and Australia (Tasmania)
Jervois Global	Cobalt and Nickel producer and refiner with assets in Finland, USA, and Brazil
Lotus Resources	Brownfield Uranium asset that is currently on care and maintenance
Mach7 Technologies	Medical software enabling efficient access/use of healthcare data and imaging