

Australian Equities Strategy

STRATEGY

The JMFG Australian Equities Strategy provides exposure to a diversified portfolio of high quality, Australian-listed, large, and small companies with sustainable business models and attractive investment fundamentals.

OBJECTIVE

To outperform the S&P/ASX All Ordinaries Accumulation Index over a rolling 3-year period.

WHY JMFG?

When investing in a JMFG Managed Strategy, clients benefit from having their portfolio managed by a professional investment team whilst retaining the value of beneficial stock ownership.

JMFG client investments are individually held in trust by a Custodian, unlike investments in a Unit Trust. Retaining beneficial ownership allows for consideration of clients' individual circumstances, gaining the benefit of franking credits and greater tax planning flexibility.

Portfolios do not inherit realised or unrealised capital gains as may occur with investments in unit trusts. This also allows existing investments to be easily transferred into (and out of) JMFG Managed Strategies without triggering capital gains events.

The client's portfolio will be invested alongside the JMFG Strategy model portfolio that best suits the client's investment goals, time horizon, and appetite for risk.

INVESTMENT PHILOSOPHY

All JMFG's Strategies are managed in a style-neutral fashion, with a focus on utilising the team's extensive market experience and knowledge base to outperform in rising markets and limit the downside for our clients in falling markets.

Our investment approach targets companies with strong management and sound business models operating in industries with long term structural growth.

The stock selection process incorporates both macro and sector considerations as well as extensive direct company and senior management contact.

Although we consider all qualifying stocks for selection in JMFG's Strategies, we seek to position the Strategies towards sectors and companies with an acceptable level of risk given our expected return. As such, we have a natural aversion to extremely high risk speculative companies, companies with binary outcomes (such as some bio-techs and explorers), companies with unsustainable earnings, and companies we believe will be unprofitable for the foreseeable future.



ASSET ALLOCATION

We will typically aim to invest within the following structure:

- S&P/ ASX 200 – 80-100%
- Ex-S&P/ASX 200 – 0-20%

From time to time, the Strategy may hold different percentages than indicated above, when stocks are moving between the relevant indices or if we consider it is still consistent with the investment strategy to do so.

WHO THE STRATEGY SUITS

The Australian Equities Strategy is tailored towards investors with a high risk tolerance as it will focus on higher growth and lower yielding companies and will hold a portion of small capitalisation companies with a higher risk/return profile. Given the combination of both mature and faster growing companies, the Australian Equities Strategy will have some yield and the potential for capital gains and capital losses.

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FEES

A Management Fee of 1.75% p.a (plus GST) is charged on the portfolio's net asset value.

A Performance Fee of 15% (plus GST) is charged on performance of the portfolio above the benchmark¹, subject to a high-water mark² and positive portfolio performance³ in the period. Payable six monthly. JMFG may reduce the amount of performance fees payable in any given period subject to overall performance. Foregone fees are not accrued.

TRANSPARENCY

Our web portal allows clients easy access to information on their portfolio holdings and transactions.

SUMMARY

Risk Profile	High
Investment Horizon	3 years +
¹ Benchmark	ASX All Ordinaries Accum. Index
² High-Water Mark	Any underperformance since the last performance fee was earned is required to be recovered before a performance fee is payable.
³ Positive Portfolio Performance Hurdle	>3% p.a (after mgmt. fees) annualised portfolio return in the period.
Typical Portfolio Composition	80% ASX 200, 20% Ex-ASX 200

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