

Opportunities Strategy – Investment Newsletter

Performance (As at 30 th June 2022)	Quarter (%)	Rolling 1yr (%)	Rolling 3yr (%)	Inception Gross (%)	Inception Annualised (%)
JMFG Opportunities Strategy	-35.0	-44.4	+3.2	+33.1	+5.9
Benchmark - Fixed Rate 10.25% pa	+2.5	+10.3	+34.0	+62.8	+10.3
Emerging Companies Accumulation Index	-28.1	-7.3	+44.8	+73.2	+11.6
Outperformance vs Benchmark	-37.5	-54.7	-30.8	-29.7	-4.4

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

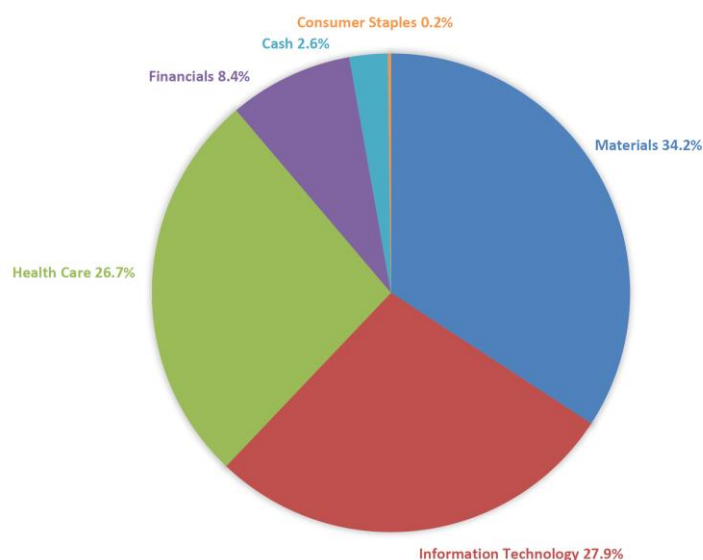
The JMFG Opportunities Strategy has had a challenging June quarter, falling 35.0%, as our key names reacted sharply to large drops on world markets and interest rate rises both here and abroad. This brings to 44.4% the fall for the full year, and easily the worst year of performance since inception five years ago. However, the performance of the strategy remains in positive territory for the 3-year and 5-year periods, albeit behind its benchmark of 10.25% per annum.

The reasons behind the sharp drop in world markets generally and, in particular, smaller companies, are well documented... war in Ukraine, higher interest rates, anticipation of a looming recession, rising inflation, supply chain disruptions, Covid-related labour issues, the list goes on. Added to that, the Australian market experienced a larger than usual tax-loss selling season, causing many companies' share prices to collapse during the last days of the financial year. Thankfully, the share prices of some of the companies experiencing extreme price falls in the portfolio have already shown a healthy rebound in July, delivering a strong start to FY23, and we anticipate building on this throughout the year given the value opportunities we see across all positions.

The portfolio has been streamlined further during recent months, with a current total of 12 positions. These are high-conviction positions with current weightings to Materials 34.2% (including battery metals and Uranium), Technology 27.9%, and Health Care 26.7%. Volatility is expected to remain high in the portfolio, but we feel all companies held have strong growth prospects across the economic cycle.

Strategy Composition at the end of the Quarter

Principles of the 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.

JMFG Opportunities Strategy – Key Contributors and Detractors for the Month

CONTRIBUTORS

Anteris Technologies (AVR)

Stock in heart-tech company Anteris continued to rally on news of expanding its first human trial cohort for its aortic valve replacement DurAVR and revealing the first cohort of five patients who received DurAVR showed 86% improved haemodynamics. The company also provided guidance that inaugural revenues from TAVR would be seen in 2023.

PolyNovo (PNV)

PolyNovo hit a 3-year low during the quarter but recovered well with substantial director buying. The main company-specific news was that the CEO search was progressing with a suitable candidate identified and close to being appointed. The stock's removal from the ASX200 Index also forced a decrease in short-selling action, reducing from 10% shorted to a little over 8% shorted, further supporting the price.

DETRACTORS

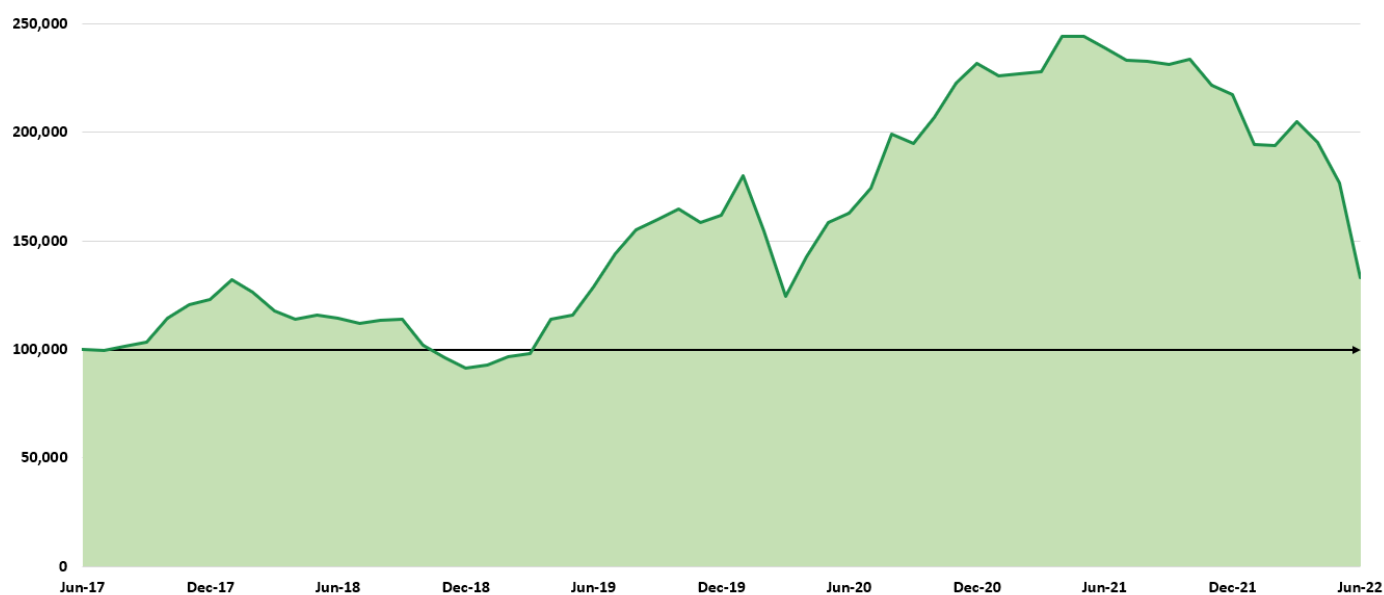
Betmakers (BET)

While the company continues to build out its strong market share in supplying data and vision content technology for wagering and racing systems providers, the share price took a financial year-end beating along with many technology stocks that are yet to generate a consistent profit, especially where revenues are closely tied to discretionary spending behaviours and cost metrics are highly exposed to workforce-related volatility.

Lotus Resources (LOT)

Despite announcements regarding strong support from the Malawi government for the Kayelekera uranium project, and cost-reducing optimisations announced, Lotus fell away during the quarter, amid an overall market sell-off. Lotus has yet to finalise its Definitive Feasibility Study due mid-year and its Final Investment Decision is due by the end of 2022, with production planned to begin in 2024.

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



Top 5 Holdings at the end of the Quarter

Credit Clear	Receivables management and collection with a digital-led solution
Mach7 Technologies	Medical software enabling efficient access/use of healthcare data and imaging
Lotus Resources	Brownfield Uranium asset that is currently on care and maintenance
Betmakers Technology Group	Technology and analytics for B2B wagering and racing systems markets
Jervois Global	Cobalt and Nickel producer and refiner with assets in Finland, USA, and Brazil