

## Small Companies Strategy

Performance (Net*)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception** (% pa)
<b>JMFG Small Companies Strategy</b>	<b>+3.7</b>	<b>-0.6</b>	<b>-16.9</b>	<b>+2.4</b>	<b>+8.5</b>	<b>+12.2</b>
Small Ords Accumulation Index	+6.5	-4.9	-18.3	+1.5	+4.2	+6.3
<b>Outperformance</b>	<b>-2.8</b>	<b>+4.3</b>	<b>+1.4</b>	<b>+0.9</b>	<b>+4.3</b>	<b>+5.9</b>

Although the JMFG Small Companies 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 after management fees (post 1 Jan 2017), performance fees (paid or accrued), GST, and excludes the effect of franking credits. \*\*Strategy Inception for Performance Data is July 1st, 2014.

### Month in Review – A review of the share market and overview of the portfolio for the month

For the month of October, the JMFG Small Companies strategy returned 3.7%. Although 2.8% behind the Small Ordinaries Accumulation Index, the strategy outperformed on a 3-month basis, continuing the relative improvement in recent months. The market recovered this month with macro-economic factors remaining a key driver of returns. Investors continued to focus on the timing of a move to a more dovish stance by central banks, ending the current and rapid rate rise cycle. Amongst other factors, global policy makers continued to watch inflation and the labour market in their respective regions, both of which remain stubbornly strong.

This month, small-capitalisation stocks (+6.5%) marginally outperformed large-capitalisation stocks (+5.9%) by 0.6%, reflecting a broad-based market rally. As measured by the S&P/ASX 200 Accumulation Index, most sectors rallied – the best sectors being Financials +12.2%, Property +9.9%, Energy +9.5%, and Consumer Discretionary +8.9%. The worst performers were Staples -0.2%, Materials -0.1%, and HealthCare +0.6%. The remaining sectors performed in line with the market, being Utilities +7.2%, Industrials +6.5%, Technology +5.4%, and Communications +5.0%.

During October, additions to the portfolio were made in more cyclical sectors given the weak prior month and large falls across several names. Later in the month, positions were reduced in some Energy names that had risen rapidly on strengthening energy prices. The cash balance was lower at the end of October, reflecting the strong market movement and cash deployed early in the month.

### Key Contributors and Detractors for the Month

#### CONTRIBUTORS

##### Karoon Energy (KAR)

Karoon has put out several positive announcements in recent months relating to its Baúna Intervention Program, and the momentum continued into October. The company announced early in the month that it had received approval from the Brazilian Government oil and gas regulator for a royalty rate reduction for the Baúna fields for production above the base production profile. In its quarterly report, Karoon also upgraded its FY23 guidance to the upper range of previous guidance.

##### Stanmore Coal (SMR)

Coal stocks were broadly strong, with Coronado and Whitehaven also up strongly for the month. Stanmore was particularly strong, with several positive announcements during the month, including that the company completed the acquisition of the remaining 20% of SMC. Later in the month, Stanmore released its quarterly activities report, confirming that it remains on target for achieving its prior production and cost guidance.

#### DETRACTORS

##### Baby Bunting (BBN)

Holding its Annual General Meeting during the month, Baby Bunting put out a disappointing trading update for the start of the financial year. While the company announced strong sales for the start of the financial year, up 12% on the prior corresponding period, NPAT for the first quarter was down \$3m on the prior year. The company plans to recover these lost earnings over the full year with 5 new stores set to open over the remainder of the year. More clarity is expected at the half year result.

##### Opthea (OPT)

Opthea made no material announcements during the month but continue to drift lower following a large capital raise in August. The company is progressing with its Phase 3 study of its novel therapeutic OPT-302.