Small Companies Strategy

Performance (Net*)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception** (% pa)
JMFG Small Companies Strategy	**+4.7**	**+1.3**	**-13.7**	**+3.8**	**+8.4**	**+12.7**
Small Ords Accumulation Index	+4.9	-0.8	-14.0	+2.6	+4.4	+6.9
Outperformance	**-0.2**	**+2.1**	**+0.3**	**+1.2**	**+4.0**	**+5.8**

*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 time-weighted rate of return 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 November, the JMFG Small Companies strategy returned 4.7%, a positive result albeit 0.2% behind the Small Ordinaries Accumulation Index. The market recovery continued this month, improving further on the strong returns of the prior month. Macro-economic factors continue to drive the market. Central bank rate decisions early in the month and accompanying commentary, followed by softening US inflation data mid-month, fuelled the market rally. Talk in China of relaxing its COVID-zero policy accompanied by a cut in its Reserve Required Ratio were further positive news items for the market as the Hang Seng index rallied 26.6% this month. The November AGM season resulted in net negative trading updates and, as a result, we will be watching for further volatility into the new year.

This month, large-capitalisation stocks (+6.7%) outperformed small-capitalisation stocks (+4.9%) by 1.8% with the broad-based market rally continuing in November. All sectors within the S&P/ASX 200 Accumulation Index rallied, with notably strong returns from Utilities +20.9%, and Materials +16.3%. All other sectors underperformed the market with HealthCare +6.0%, Industrials +5.9%, Property +5.8%, Staples +3.9% and the remaining sectors (Consumer Discretionary, Technology, Energy, Financials, and Communications) returning between +2% and +3%.

Trading was light in November with a focus on deploying cash into existing names which still offer attractive upside to internal valuations while trimming names that continued running in the rising market. Cash levels remain moderately elevated providing opportunity to take advantage of market volatility.

Key Contributors and Detractors for the Month

CONTRIBUTORS

Judo Capital Holdings (JDO)

Judo made no significant announcements during November, aside from some reshuffling of the executive team. However, Judo proceeded to have another strong month, rising 18.4% in November after an 8.3% rise in October. At its AGM last month, Judo reiterated its FY23 guidance and provided some more detailed numbers about the credit strength of its loan book.

Webjet (WEB)

During November, Webjet released its first half results which showed quicker recoveries than expected in bookings and that the WebBeds business unit would likely exceed pre-Covid levels for the full year. During the month, Qantas also released a trading update showing its profitability is rapidly improving, highlighting the positive trends appearing in the travel industry.

DETRACTORS

Collins Foods (CKF)

The KFC and Taco Bell store operator announced its first half results during November, downgrading its margin expectations for the full year result on the back of the company anticipating cost inflation issues to last longer than previously thought. Collins also halted its Taco Bell store rollout until current stores begin to reach internal milestones. The company still reported strong sales growth on the prior corresponding period, reflecting the stability of product demand from consumers.

Elders (ELD)

Reporting its annual result during November, Elders flagged potential impacts of flooding on business outlook. The company's long-serving Managing Director and CEO, Mark Allison, also announced his planned retirement, flagging that he would remain in the position for 12 months to manage the CEO transition.

JM Financial Group
AFSL 238397 ABN 68 007 364 132

Level 8, 140 Bourke St, Melbourne, VIC, 3000
Ph: +61 3 9627 9900

Web: www.jmfg.com.au
Email: enquiries@jmfg.com.au