

Leaders Strategy

Performance (Net*)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception** (% pa)
JMFG Leaders Strategy	+5.9	+9.0	+11.1	+5.7	+7.2	+7.2
ASX 200 Accumulation Index	+6.2	+9.6	+12.2	+6.0	+8.5	+8.2
Outperformance	-0.3	-0.6	-1.1	-0.3	-1.3	-1.0

Although the JMFG Leaders 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 January, the JMFG Leaders strategy returned 5.9%, a positive result albeit slightly behind the S&P/ASX 200 Accumulation Index by 0.3%. The market recovery resumed in January as China's economy reopened after removing its COVID-zero policy, along with increasing confidence that central banks will be able to engineer a soft landing. The S&P/ASX 200 Index is up ~17% over the last four months and finished the month ~2% away from its August 2021 all-time high.

This month, small-capitalisation stocks marginally outperformed large-capitalisation stocks as the rising tide lifted all boats. As measured by the S&P/ASX 200 Accumulation Index, most sectors rallied, with Utilities -3.0% the only sector to decline. Top-performing sectors were Consumer Discretionary +9.9%, Materials +8.9%, and Property +5.8%; due to increasing confidence and declining bond yields. Other sectors (Staples, Technology, Financials, and Communications) returned between 5% and 6%, largely in line with the market. The remaining sectors (Industrials +4.8%, Healthcare +3.9%, and Energy +1.3%) underperformed the market.

Strategy trading for the month was relatively light, trimming or exiting some positions in stocks that had rallied to valuation. Cash levels remain moderately elevated, providing opportunity to take advantage of any volatility through reporting season.

Key Contributors and Detractors for the Month

CONTRIBUTORS

BHP Group (BHP)

BHP released its December 2022 quarterly activities report with record half-year iron ore production whilst retaining production guidance for FY23. Cost guidance for BHP's remaining coal operations were increased due to weather and inflationary impacts. The takeover of OZ Minerals via scheme of arrangement continues with a vote by OZ Minerals shareholders expected to take place late March or early April 2023.

Macquarie Group (MQG)

Macquarie made no material announcements during January, however the share priced rallied on improving market sentiment and broker upgrades. Revenue expectations from Macquarie's commodities trading activities improved due to historically high volatility being experienced in these markets in both U.S.A. and Europe.

DETRACTORS

Elders (ELD)

Elders made no material announcements during January although it trended lower as the market considered the impact of peaking agricultural conditions and continued wet weather and flooding. Following several years of strengthening outlook, the company now appears to be facing a softening, although still elevated, pricing environment.

Santos (STO)

STO released its December 2022 quarterly report capping off a year of record sales revenue, production, and free cash flow. However, fourth quarter production was slightly lower than the prior quarter due primarily to unplanned maintenance at the John Brookes platform in Western Australia. As a result, FY22 production will be at the lower end of guidance and FY23 guidance was also reduced slightly. Production at John Brookes resumed in February.