Small Companies Strategy

Performance *(Net*)*	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception** (% pa)
JMFG Small Companies Strategy	-3.8%	-3.0%	-16.3%	+12.0%	+6.3%	+11.2%
Small Ords Accumulation Index	-0.7%	+1.9%	-13.2%	+13.1%	+3.9%	+6.4%
Outperformance	-3.1%	-4.9%	-3.1%	-1.1%	+2.4%	+4.8%

*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 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 March, the JMFG Small Companies strategy declined 3.8%, underperforming the S&P/ASX Small Ordinaries Accumulation Index by 3.1%. Markets were particularly volatile over the month with the collapse of multiple regional banks in the US (particularly Silicon Valley Bank) and the near collapse in Europe of Credit Suisse which led to the major investment bank being acquired by its local rival UBS.

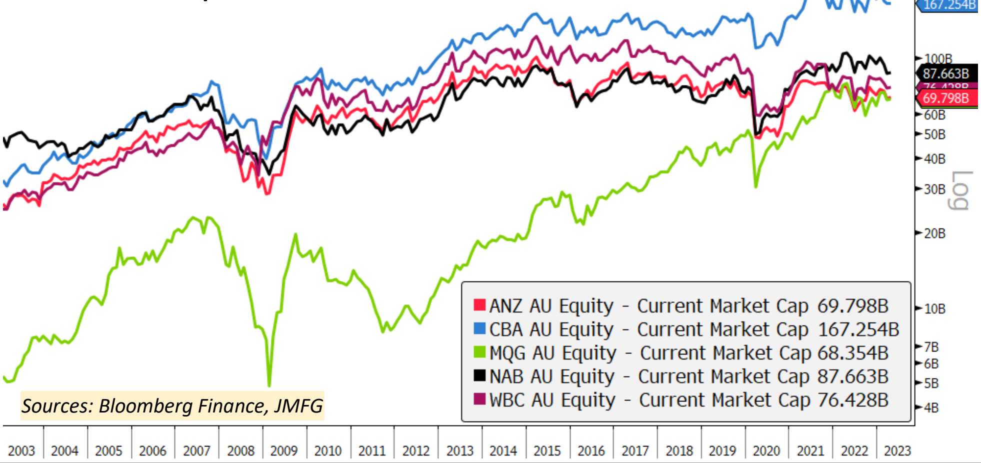
This month, large-capitalisation stocks (-0.2%) again outperformed small-capitalisation stocks (-0.7%). The financial instability that was seen during March had an outsized impact on smaller companies due to lower balance sheet and financial strength compared to that of larger companies. The best-performing sector during March was Materials +5.9%, reversing the fall of the prior month. Other strong-performing sectors included Communications +3.4%, Consumer Discretionary +1.7%, and Utilities +1.5%. Property -6.8% was the worst-performing sector despite bond yields falling substantially during the month. Other weak sectors included Financials -4.9%, and Energy -1.5%. The remaining sectors (Technology, HealthCare, Industrials, and Consumer Staples) were less volatile.

During March, some positions were reduced early in the month following strong results being issued in January. Towards the end of the month, some positions were added as the market was sold off. Overall, the cash position rose moderately during the month.

Chart of Interest – *The Big 5 Banks*

In Australia, the biggest banks that have historically dominated the domestic banking industry are Australia and New Zealand Banking Group, Commonwealth Bank, National Australia Bank, and Westpac (the “Big 4” banks). This group of banks have proved robust during prior downturns, notably outperforming global banks during the GFC and soaking up market share off smaller banks. The Big 4 are now amongst the highest capitalisation companies in Australia. However, following years of strong performance, Macquarie Group now sits amongst the top banks in the country with its market capitalisation matching, and sometimes exceeding, that of ANZ’s over the last year. Macquarie warrants inclusion in the “Big 5” banks of Australia.

Banks Market Capitalisation



Macquarie’s recent success is due to its non-banking operations in trading, asset management, and capital markets. Macquarie is also making a big push into the lending market and successfully taking market share. Year-to-date loans and financial leases for the group are up 1.7% (compared to 0.5% for all banks) and financial year-to-date have grown a strong 7.9% (compared to system growth of 3.4%).

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Key Contributors and Detractors for the Month – *JMFG Small Companies Strategy*

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Regis Resources (RRL)

The gold price rallied 8.5% in AUD during March and continued to trade higher, reaching record highs in early April above US$2,000 and A$3,000. Several key factors are favouring gold: first, inflation remains above target in most developed economies and gold remains a perceived store of value in such economic environments; secondly, over March, global yields fell on the expectation that the rate hiking cycle is coming to an end, lowering the expected opportunity cost of holding gold; and thirdly, disruption experienced in March caused by US regional banks and ensuing financial instability increased the attractiveness of real assets including gold. Gold stocks rallied as a result.

Silver Lake Resources (SLR)

Gold company rising on strong gold price movement as per the above commentary.

Credit Clear (CCR)

During March, Credit Clear was a detractor despite announcing that the company had signed IAG as a new customer amongst 52 new clients in total added during January and February. CCR also announced a higher than expected $5m contingent payout to ARMA Group Holdings on stronger collections.

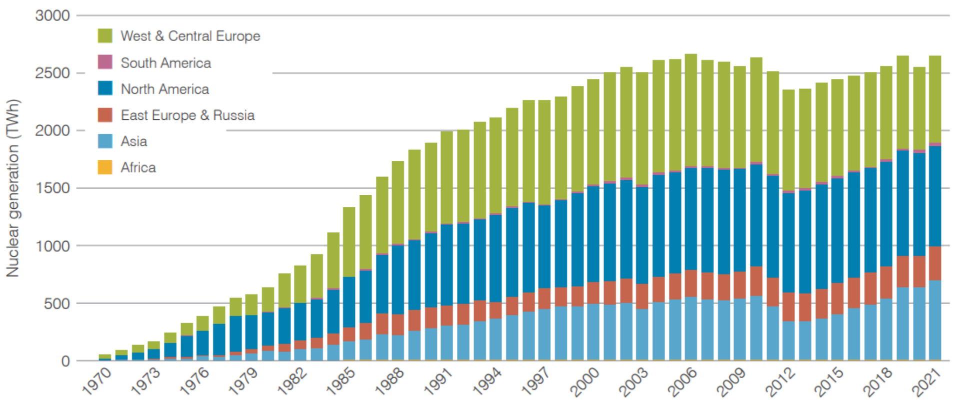
Judo Capital Holdings (JDO)

During March, financials broadly performed poorly following the collapse of Silicon Valley Bank (SVB) in the US. Although sold off in sympathy with global banks, Judo and the other major domestic banks have less exposure to such an event due to a lower deposit composition of funding and the portion of deposits covered by Financial Claims Scheme protection for deposit holders. In the case of SVB, most deposits were not insured against the bank's default, which led to the rapid outflow of deposits in early March.

Topic of Interest – *Uranium Market Update*

The volatility in prices for fossil fuel based energy sources over recent years has highlighted the need for more diverse sources of electricity production and supply security. In the World Nuclear Performance Report for 2022, the World Nuclear Association reported that, following a dip in nuclear energy production in 2020, nuclear energy production rose in 2021 continuing the upward trend of the last decade.

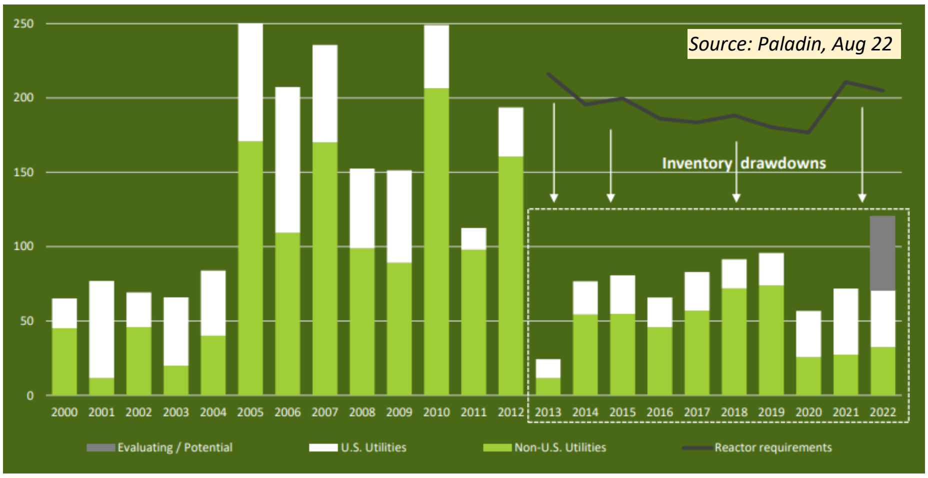
Nuclear Electricity Production



Source: World Nuclear Association and IAEA Power Reactor Information Service (PRIS)

There has been a sentiment shift globally in favour of nuclear energy with Governments increasing investment in the space in a concerted attempt to achieve net zero emissions targets and improve energy security. The Inflation Reduction Act in the US, which was signed into law last year, includes US$369Bn in climate provisions, including production credits for both existing reactors and new reactors. The Act also includes US$700m for investment in US domestic uranium enrichment.

Global Term Contracting Activity, Mlb U_3O_8



Uranium developers are preparing for the expected rise in uranium demand in coming years by ramping up development to be production-ready in a tight market. During 2022, Paladin Energy, an Australian-listed Namibian uranium developer, made its final investment decision on its flagship Langer Heinrich project. The project is expected to enter production in the first quarter of next year and the company has already closed its contract book on expected production for 2024.