

Leaders Strategy

Performance (Net*)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception** (% pa)
JMFG Leaders Strategy	+1.3	-1.1	+2.2	+11.0	+6.9	+6.9
ASX 200 Accumulation Index	+1.8	-0.8	+2.8	+14.0	+8.3	+7.9
Outperformance	-0.5	-0.3	-0.6	-3.0	-1.4	-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 April, the JMFG Leaders strategy returned 1.3%, underperforming the S&P/ASX 200 Accumulation Index by 0.5%. April brought some relative calm to the market as next steps were assessed by the Reserve Bank (RBA) and investors alike. The RBA unexpectedly paused rate hikes at its April meeting while it assessed the impact of ten consecutive rate hikes. Recent issues within US regional banks quietened. Inflation data released during the month showed a continued slowing in the US and Australia, however overall inflation remains elevated and the labour market remains strong. We retain a cautious outlook with further US regional bank issues evident early in May and a continuation of rate hikes by the Federal Reserve and RBA.

This month, small-capitalisation stocks (+2.8%) outperformed large-capitalisation stocks (+1.7%), reversing the recent trend. The best-performing sectors during April were Property +5.3%, reversing the fall of the prior month, and Technology +4.8%, as sentiment around peak rates gathered steam. Other strong-performing sectors included Industrials +4.5%, HealthCare +3.7%, Communications +3.6%, Financials +3.3%, and Consumer Discretionary +2.8%. Materials -2.6% was the worst-performing and only sector to decline this month. Other sectors that underperformed the broader market were Consumer Staples +1.8%, Energy +1.7%, and Utilities +1.4%.

During April, strategy trading was light, in line with calmer markets, as one position was exited where the investment thesis has changed. Cash levels increased slightly and remain moderately elevated in keeping with a cautious outlook.

Key Contributors and Detractors for the Month

CONTRIBUTORS

CSL (CSL)

There was limited news flow during the month for CSL and the stock rallied with the market, benefiting from the falling long-term bond rate. Dr Paul McKenzie took over as CEO in March from outgoing CEO Paul Perreault who had successfully led the business for the last 10 years. CSL received approval from the FDA for additional dosing level of Hizentra.

Silver Lake Resources (SLR)

SLR rallied 8.6% in April on top of a 16.4% rise in March as the gold price held US\$2,000/A\$3,000 per ounce. The outlook for gold remains strong and is expected to support stocks exposed to the precious metal. SLR released its third quarter activities report where guidance was confirmed, but at the lower end of the range due to softer production at Deflector. Post quarter-end, SLR offered to buy St Barbara's Leonora assets which are currently under a competing offer from Genesis Minerals.

DETRACTORS

BHP Group (BHP)

BHP declined 6% with a tropical cyclone impacting operations at Port Hedland during the month. BHP released its third quarter activities report, retaining production guidance for iron ore, coal, and copper while reducing nickel production guidance. During the month, BHP completed the acquisition of Oz Minerals, increasing overall exposure to copper.

Mineral Resources (MIN)

MIN reported its third quarter activities report advising of a soft quarter from its lithium division with lower production, lower prices received, higher costs, and delayed expansion all weighing on the share price. MIN continues its off-market takeover of Norwest Energy, acquiring over 90% interest and notifying the market of compulsory acquisition of the remaining shares.