Small Companies Strategy

Performance (*Net*)*	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception** (% pa)
JMFG Small Companies Strategy	**+1.1**	**-6.7**	**-13.3**	**+6.7**	**+6.2**	**+11.2**
Small Ords Accumulation Index	+2.8	-1.7	-9.4	+9.2	+3.9	+6.6
Outperformance	**-1.7**	**-5.0**	**-3.9**	**-2.5**	**+2.3**	**+4.6**

*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 April, the JMFG Small Companies strategy returned 1.1%, underperforming the S&P/ASX Small Ordinaries Accumulation Index by 1.7%. 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 several positions were reduced or exited where the investment thesis has changed. Cash levels increased and remain moderately elevated in keeping with a cautious outlook.

Key Contributors and Detractors for the Month

CONTRIBUTORS

Mach7 Technologies (M7T)

M7T rallied 15% in April, with most of the return coming on the last day of the month due to the release of the third quarter activities and cashflow report. M7T reported FYTD sales orders of A$37.1m which exceeded the full-year target of A$36m with one quarter remaining, resulting in broker upgrades. M7T also confirmed that it expects to be operating cashflow positive for FY23 and is expecting a strong quarter ahead for cash collections and lower costs.

Metro Mining (MMI)

During April, Metro gave guidance for 2023 following the commencement of its operating season. Within this announcement the company reported that bauxite prices for Q2 were up 30% on 2022 levels. MMI also announced that, for the first two months of 2023, Chinese bauxite imports were up 12.5% on the prior corresponding period and that the company has a production target of 6-7M WMT.

DETRACTORS

Alcidion Group (ALC)

With its quarterly activities report during April, Alcidion reported an extended sales cycle for NHS EPR procurement and that these delays would likely mean the company cannot deliver positive EBITDA for FY23. The company considered this to be only a short-term impact as the delays fall mainly in 2023 while Alcidion's pipeline continues to grow and is the largest in its history. The company indicated it would not require any further capital funding.

Credit Clear (CCR)

At the end of March, Credit Clear announced that due to the higher-than-anticipated digital collections of ARMA following the acquisition, a larger-than-expected earnout would be paid to the vendors. As such, when the company released its quarterly activities report in April, the cash balance fell from $9.3m to $5.1m, without the company being cashflow breakeven.

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