

## Australian Equities Strategy

Performance (Net*)	1 Month (%)	3 Months (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception** (% pa)
<b>JMFG Australian Equities Strategy</b>	<b>-5.2</b>	<b>-7.9</b>	<b>-4.4</b>	<b>+0.6</b>	<b>+3.6</b>	<b>+5.4</b>
All Ords Accumulation Index	-3.9	-7.3	+2.9	+8.6	+7.4	+7.0
<b>Outperformance</b>	<b>-1.3</b>	<b>-0.6</b>	<b>-7.3</b>	<b>-8.0</b>	<b>-3.8</b>	<b>-1.6</b>

Although the JMFG Australian Equities 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 October, the JMFG Australian Equities strategy declined 5.2%, compared to the S&P/ASX All Ordinaries Accumulation Index which declined 3.9%, thus giving back some of last month's outperformance. Global markets declined for a third month in a row as rising long term (10-year) bond rates, driven higher by continued strong economic data, closed the month at around 5.0% in both USA and Australia. In response to strong data, the RBA lifted rates 25bps on Melbourne Cup Day, however the US Fed remained on pause and in early November the market sentiment towards rates shifted back to the view that we are passed the peak, with Australian and US 10-year bond rates back around 4.5% at the time of writing. Geopolitical tensions ratcheted up a level with the devastating events in the Middle East, however to date has had limited impact on global markets.

This month, large-capitalisation stocks (-3.6%) outperformed small-capitalisation stocks (-5.5%) once again. Within sectors, Utilities +1.7% was the only positive performer driven by M&A activity. Sectors exposed to rising interest rates were again the worst performers with Technology -7.6%, HealthCare -7.2%, Industrials -6.4%, and Property -5.8%. Other underperforming sectors were Energy -5.1%, Consumer Discretionary -4.9%, and Consumer Staples -4.0%. The remaining sectors, Materials -0.8%, Communications -2.9%, and Financials -3.6%, declined by less than the market.

During October, investments were made in several existing and new positions as opportunities presented in the market pull back. As a result, cash held has decreased from its previously elevated level, reflecting a more constructive view on valuations.

### Key Contributors and Detractors for the Month

#### CONTRIBUTORS

##### Northern Star Resources (NST)

Northern Star rallied 11.8% during October, reflecting the rally in the underlying commodity. The gold price rose sharply from US\$1,828 to US\$1,984 due to increased geopolitical tensions, benefiting gold producers. Northern Star also released its September quarterly activities report this month, delivering a solid production result with a record production rate delivered at its Thunderbox asset. Management reiterated guidance for the full year.

##### Silver Lake Resources (SLR)

Silver Lake rallied 24.3% during October as it, like Northern Star, benefited from the rally in the gold price which rose sharply during October from US\$1,828 to US\$1,984 due to increased geopolitical tensions. As a smaller producer and due to prior underperformance, the recovery in Silver Lake's share price was significant and outperformed Northern Star. Silver Lake also released its September quarterly activities report this month, producing a strong result and reiterating guidance for the full year.

#### DETRACTORS

##### CSL (CSL)

CSL held its Capital Markets Day mid-month, outlining the recovery post COVID and an impressive product development pipeline. However, negative sentiment towards the stock continued unabated this month due to the impact of rising 10-year bond yields on the valuation of higher growth stocks like CSL, and the potential impact of GLP-1 drugs on CSL's future revenue in relation to major adverse cardiovascular events and kidney disease. Both these headwinds appear to have peaked with CSL up strongly in early November, more than reversing last month's decline.

##### Telix Pharmaceuticals (TLX)

Telix reported its September quarterly results with revenue from Illucix sales up strongly to A\$133m for the quarter. This is an impressive result from a standing start just one year ago. The strong result was overshadowed by the release of data from its ProstACT SELECT study, which achieved its primary objectives of safety, however investors took the efficacy data negatively. Telix is recovering strongly in November.