

In January the Eley Griffiths Emerging Companies Fund (ECF) returned of +2.4% underperforming its benchmark which rallied strongly up +3.4%. The Small Ordinaries Accumulation index trailed the S&P/ASX100 by -1.7% as the Australian market broke through record all-time index highs. Leading Small Ords sectors for the month included Utilities (21.5%), Healthcare (+9.5%) and Financials (+6.7%).

Performance was bolstered by personal lending disruptor Wisr (WZR; +68.25%). With ambitions of redefining the consumer lending space by offering a 'fairer, smarter alternative', WZR's innovative customer acquisition strategy is to encourage financial wellness of their customers. In short, what is good for the consumer will attract consumers. During the month the company's strategy was validated with a well-supported \$33.5m placement to fund future growth plans. Recently NAB adopted a 3rd party funding facility role to WZR.

Online bookmaker Pointsbet Holdings (PBH; +16.5%) US business continues to swell with the announcement of two new casino partnerships in Michigan (pop. 10m) and Kansas (pop. 2.9m). As recently as December the Michigan Governor signed legislation allowing both online sports betting and online gaming in the State. Prior to the US deals registered customers grew 24.3% in 2Q20

boosted by NFL, NBA and spring racing carnival seasons running concurrently.

Declines of both Sealink Travel Group (SLK; -10.6%) and Kathmandu Holdings Ltd (KMD; - 8.8%) can be attributed to the devastating bushfire activity. SLK owned Vivonne Bay Lodge on Kangaroo Island suffered significant damage.

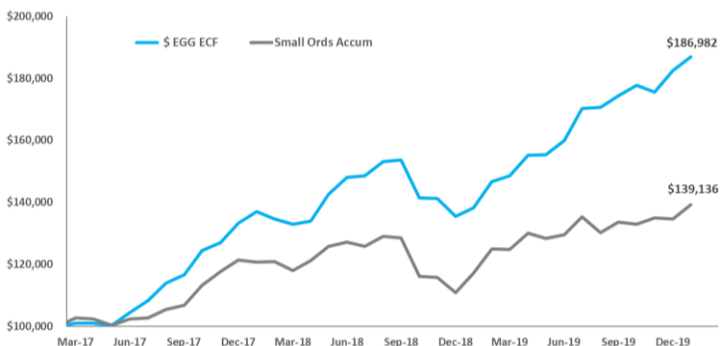
At the backend of the month the World Health Organisation acknowledged the rapid spread of Coronavirus was an international health emergency. We expect news of the virus prevalence to be an important sentiment driver as investors assess demand and supply side effects on Chinese commerce. To date markets have looked through the immediate risks and have remained resilient.

The Australian economy continues a "gentle turning point" as forecasted by the RBA Governor in October. Better-than-expected economic data included a declining unemployment rate whilst both CPI and retail sales ticked upward. The weight of positive economic health indicators forced a Futures market rethink of cash rate cut expectations. Beforehand it was anticipated further rate easing in March, this has now been delayed to August.

Returns post fees	1 Month	3 Months	6 months	1 Year	2 years p.a.	Inception* p.a.
EGG Emerging Companies Fund	+2.42%	+5.16%	+9.78%	+35.36%	+16.79%	+23.93%
S&P/ASX Small Ord Accumulation Index (XSOAI)	+3.38%	+4.69%	+2.76%	+18.84%	+7.34%	+11.99%
Outperformance	<b>-0.95%</b>	<b>+0.48%</b>	<b>+7.02%</b>	<b>+16.52%</b>	<b>+9.45%</b>	<b>+11.94%</b>

\*Fund inception March 2017

## \$100,000 SINCE INCEPTION (AFTER FEES)

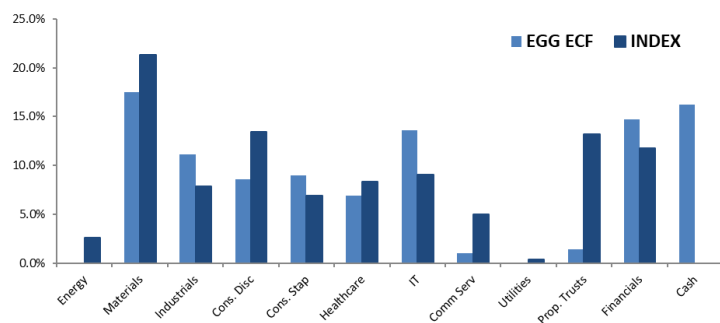


## STOCK ATTRIBUTION

Code	Stock	Sector
<b>Top 3 Contributors</b>		
BTH	Bigtincan Holdings Ltd	Information Technology
PBH	Pointsbet Holdings Ltd	Consumer Discretionary
WRZ	Wisr Ltd	Financials
<b>Bottom 3 Detractors</b>		
KMD	Kathmandu Holdings Ltd	Consumer Discretionary
NPH.NZ	Napier Port Holdings	Industrials
SLK	Sealink Travel Group Ltd	Consumer Discretionary

\*Alphabetical order, as at 31 January 2019

## FUND SECTOR ALLOCATION



## TOP 5 HOLDINGS

Code	Stock	Sector
AQZ	Alliance Aviation Services Ltd	Industrials
CMM	Capricorn Metals Ltd	Materials
CLV	Clover Corporation Ltd	Materials
NPH.NZ	Napier Port Holdings Ltd	Industrials
WRZ	Wisr Ltd	Financials

\*Alphabetical order, as at 31 January 2019

## ELEY GRIFFITHS GROUP

Founded in 2003, Eley Griffiths Group is a specialist investment management company focusing on Australian listed Small and Emerging Companies. Eley Griffiths is 100% independent & owned by staff.

Our investment process and team have delivered consistent out performance through all market conditions for 16 years. We are style agnostic and can own both growth and value companies to construct portfolios.

Our investment philosophy;

- A long-term bottom-up approach to stock picking (style agnostic)
- Forming strong macro views to derive accurate long-term earnings estimates.
- Using Price/Earnings ratios and cashflow as our fundamental valuation tools.
- The need for a systematic and disciplined stock selection process
- Risk control measures at a stock and portfolio level
- Extensive company visitation program (domestic & offshore)

## FUND INFORMATION

**Benchmark:** S&P/ASX Small Ordinaries Accumulation Index

**Number of stocks:** 35-55

**Universe:** ASX/NZX listed stocks outside the S&P ASX 200

**Fund Inception:** March 2017

**Cash distributions or unit reinvestments:** Annually

**Management fees:** 1.25%p.a.

**Performance fees:** 15.375% p.a. of Outperformance above the S&P/ASX Accumulation Index (After Base Management Fee)

**Fund size:** \$97m as at 31 January 2020

**Minimum Investment:** \$10,000

**Unit Price:** Daily

**APIR Code:** PIM5436AU

**ARSN CODE:** 616328128

## PDS & Applications Forms

[info@eg-group.com.au](mailto:info@eg-group.com.au) | +61 2 9271 0900

<https://eleygriffithsgroup.com/invest/>

## Existing investor administration:

Link Fund Solutions

[LFS\\_registry@linkgroup.com](mailto:LFS_registry@linkgroup.com) | +61 2 9547 4311

## Investment Enquires

John Price | Head of Distribution & Operations

[john@eg-group.com.au](mailto:john@eg-group.com.au) | +61 2 8311 5175

## ELEY GRIFFITHS EMERGING COMPANIES FUND

The Emerging Companies Fund offers investors exposure to a diversified portfolio of Australian listed emerging companies that reside outside the S&P ASX200 Index. The Fund is benchmarked against the S&P ASX Small Ordinaries Accumulation Index and was launched 1 March 2017.

The team combines fundamental bottom-up research of companies with an in-depth qualitative assessment of their management and industry structure. Our proprietary investment process, known as SCOPE (Small Company Optimal Portfolio Evaluation), is a relative stock scoring tool that ranks stocks from highest to lowest based on their score. The portfolio comprises the best scoring stocks, subject to a number of risk constraints, such as maximum active position size (7%) and liquidity.

The outworking of this process is a portfolio that typically exhibits both growth and value characteristics that can outperform the market over the long-term.

## PORTFOLIO MANAGERS



BEN GRIFFITHS



DAVID ALLINGHAM



TIM SERJEANT

**Ben Griffiths** has over 30 years of financial markets experience. He co-founded Eley Griffiths Group in 2002 following a successful career as joint head of small companies at both BT Financial Group and ING Investment Management. Ben previously worked in precious metals markets with MASE Westpac and as a stockbroker at Roach Tilley Grice & Co as well as CL May Mellor. Ben holds a Bachelor of Commerce majoring in Accounting, Finance and Systems from the University of NSW.

**David Allingham** is a Director and Portfolio Manager at Eley Griffiths Group and has over 15 years' experience analysing small and emerging companies at Eley Griffiths Group. Prior to joining EGG in 2004, David worked in marketing at EMI Music Australia. David holds a Bachelor of Commerce from the University of Sydney.

**Tim Serjeant** has over 14 years' experience analysing small and emerging companies. Prior to joining EGG in July 2012, Tim was a Resources Analyst at Argonaut, a boutique investment bank and stockbroking firm. Tim holds Bachelor of Commerce (Honours in Finance) and Bachelor of Arts degree from the University of Western Australia.

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