

The Eley Griffiths Group Emerging Companies Fund (ECF) gained 8.9% in the month of August outperforming the Small Ordinaries Accumulation index which rallied 7.2%. Small caps firmly outpaced the ASX100 by 5% in the month, making for a 55% upturn since the 23 March market lows, versus 32% for the ASX100. Consumer Discretionary (+22.3%) proved to be the standout sector in the month, followed by Communications Services (+7.0%) and Information Technology (+5.6%). After a 6% rise in July, Materials (-1.8%) were soft as was Energy (-9.8%) acted to drag Small Resources names lower, consequently underperforming the Small Industrials for the first time since February.

Consumer Discretionary, largely online and traditional retail stocks, surprised on the upside. Online retailers continue to benefit from a crisis-induced structural shift to online shopping with top-line revenue strength supported by the unfortunate second lockdown in Victoria. In the face of COVID hardships, 'bricks and mortar' retailers were expected to record significant losses but instead were bid up on remedial action by management including rent waivers/deferrals, restructuring of workforces, participation in Job Keeper and accelerated on line investment. Retailers reported buoyant trade from May through current, with many re-opening shop fronts by mid August.

Portfolio holdings in the consumer space which contributed to performance were **Temple & Webster (TPW; +28.6%)** and **BWX (BWX +29.5%)**. TPW customer growth strategy has certainly been accelerated by a crisis-induced structural shift to online shopping. That said, quality management, strong execution and favourable operating tailwinds, identified in the initial investment thesis prevail today. BWX, whom offer a stable of natural beauty brands, bounced on the

news of improving market share and revenue growth, plus a significant investment in new capacity that are expected to drive production efficiencies in future years.

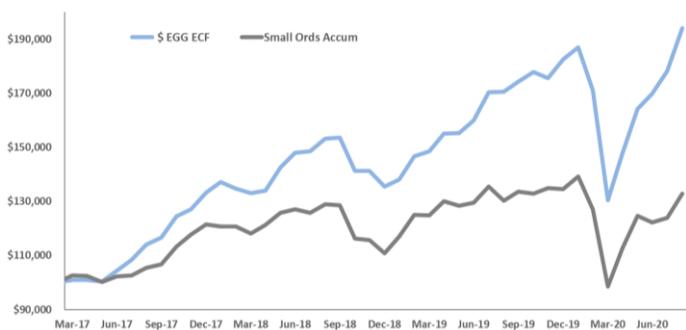
Another contributor to performance was **4D Medical (4DX; +198.4%)** successfully completed its IPO, securing new capital to fast-track the US rollout of its patented respiratory imaging technology. In May 4DX received regulatory approval to commence distributing their technology into US hospitals and clinics.

Surging 10% in July, the upward trend in spot gold continued through August as the US dollar continued its downward trajectory and expectations grew that negative real interest rate would be with the world for a little longer yet. Many local gold producers disappointed on FY20 production guidance and posted higher operating costs notwithstanding the backdrop of an elevated gold price. Not surprising to see gold equities drag on portfolio performance in the month with **Ramelius Resources (RMS; -4.6%)**.

Looking ahead, the beneficial impacts of fiscal support measures and temporary cost savings (particularly rental relief) were all too clear this reporting season. The decision for many companies to withhold formal FY21 guidance highlights the uncertainty that clouds the outlook for many businesses when these temporary measures roll off. We await updates through October/November when many companies will hold their AGM's.

Returns post fees	1 Month %	3 Month %	6 Months %	1 Year %	2 years % p.a.	3 years % p.a.	Incep [^] %p.a.
EGG Emerging Companies Fund	8.91	18.22	13.44	13.76	12.59	19.41	20.86
S&P/ASX Small Ord Accumulation Index (XSOAI)	7.24	6.61	4.58	2.07	1.50	8.02	8.46
Outperformance	+1.67	+11.60	+8.87	+11.69	+11.08	+11.39	+12.40

\$100,000 SINCE INCEPTION (AFTER FEES)

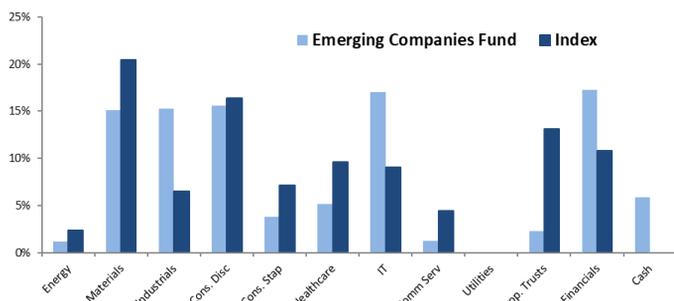


STOCK ATTRIBUTION*

[^]Fund inception March 2017

Code	Stock	Sector
Top 3 Contributors		
4DX	4DMedical	Health Care
BWX	BWX	Consumer Staples
TPW	Temple & Webster Group	Consumer Discretionary
Bottom 3 Detractors		
IFM	Infomedia	Information Technology
NUC	Nuhev	Consumer Staples
RMS	Ramelius Resources	Materials

FUND SECTOR ALLOCATION



TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
CMM	Capricorn Metals	Materials
DDR	Dicker Data	Information Technology
MFT.NZ	Mainfreight	Industrials
RMS	Ramelius Resources	Materials
TPW	Temple & Webster Group	Consumer Discretionary

* Alphabetical order, 31 August 2020

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 17 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: \$132.4m as at 31 August 2020

Minimum Investment: \$10,000

Unit Price: Daily

APIR Code: PIM5346AU

ARSN CODE: 616328128

PDS & Applications Forms

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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 13 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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