

The Eley Griffiths Group Small Companies Fund (SCF) gained 7.8% 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 **Pointsbet Holdings (PBH; +118.2%)** and **BWX (BWX +29.5%)**. Melbourne based online bookmaker PBH rocketed when announcing a landmark marketing deal with US network NBC. NBC's 184 million viewers account for 81% of the US sports betting market. 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 **Navigator Global Investments (NGI; +35.6%)** which prior to reporting had failed to recover from the March lows in tandem with its asset manager peers. The anticipation of further redemptions was alleviated with the announcement of a deal to acquire a stable of 6 US-domiciled asset managers. This news was received positively.

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; **Saracen Mineral Holdings (SAR; -12.9%)**, **Alacer Gold (AGQ; -12.4%)** and **Silver Lake Resources (SLR; -11.4%)**.

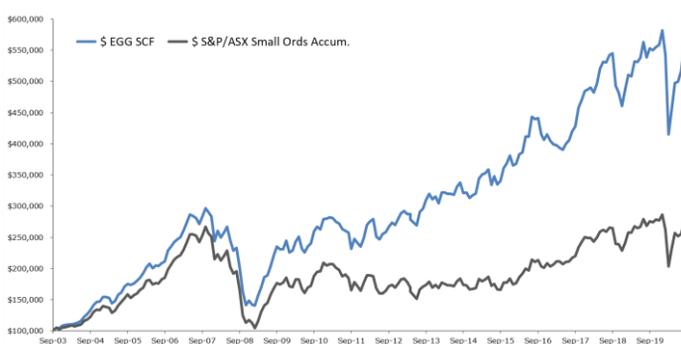
Looking ahead, the beneficial impacts of fiscal support measures and temporary cost savings (particularly rental relief) were all too clear this reporting season. The decision for many companies to withhold formal FY21 guidance highlights the uncertainty that clouds the outlook for many businesses when 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 Months % | 1 year % | 3 years % p.a. | 5 years % p.a. | 10 years % p.a. | Incep^ % p.a. |
|---|--------------|--------------|--------------|----------------|----------------|-----------------|---------------|
| EGG Small Companies Fund | 7.79 | 11.95 | 3.41 | 9.88 | 10.74 | 8.78 | 10.72 |
| S&P/ASX Small Ord Accumulation Index (XSOAI) | 7.24 | 6.61 | 2.07 | 8.02 | 10.48 | 4.73 | 6.15 |
| Outperformance | +0.55 | +5.34 | +1.34 | +1.86 | +0.26 | +4.05 | +4.56 |

\$100,000 SINCE INCEPTION (AFTER FEES)

STOCK ATTRIBUTION*

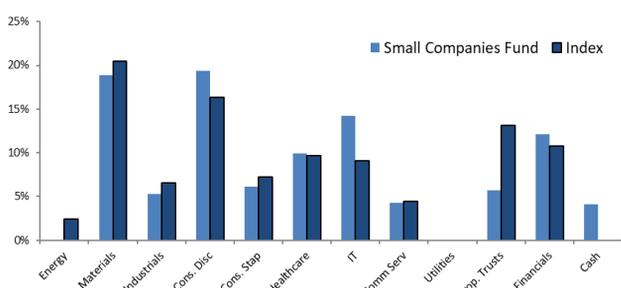
^Fund inception September 2003



| Code | Stock | Sector |
|----------------------------|------------------------------|------------------------|
| Top 3 Contributors | | |
| BWX | BWX | Consumer Staples |
| NGI | Navigator Global Investments | Financials |
| PBH | Pointsbet Holdings | Consumer Discretionary |
| Bottom 3 Detractors | | |
| AGQ | Alacer Gold | Materials |
| SAR | Saracen Mineral Holdings | Materials |
| SLR | Silver Lake Resources | Materials |

FUND SECTOR ALLOCATION

TOP 5 ACTIVE POSITIONS*



| Code | Stock | Sector |
|------------|----------------------|-------------|
| BKW | Brickworks | Materials |
| CMM | Capricorn Metals | Materials |
| EBO | Ebos Group | Health Care |
| OBL | Omni Bridgeway | Financials |
| SLR | Silverlake Resources | Materials |

*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 listed stocks outside the S&P ASX 100

Fund Inception: September 2003

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: \$462.8m as at 31 August 2020

Minimum Investment: \$25,000

Unit Price: Daily

APIR Code: EGG0001AU

ARSN CODE: 106171224

PDS & Applications Forms

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

info@eg-group.com.au | +61 2 8311 5175

Existing investor administration:

Link Fund Solutions

LFS_registry@linkgroup.com | +61 2 9547 4311

Investment Enquires

John Price | Head of Distribution & Operations

john@eg-group.com.au | +61 2 8311 5175

ELEY GRIFFITHS SMALL COMPANIES FUND

The Small Companies Fund offers investors exposure to a diversified portfolio of Australian listed small companies that reside outside the S&P ASX100 Index. The Fund is benchmarked against the S&P ASX Small Ordinaries Accumulation Index and has a 17 year track of record of outperformance.

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 (5%) 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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