

The Eley Griffiths Group Small Companies Fund (SCF) finished 0.4% lower in the month of September outperforming the Small Ordinaries Accumulation index, which retreated -2.8%. Despite the market weakness which was largely driven by a global sell-off of Tech/Growth stocks, small caps added to their YTD outperformance the ASX100 which trended lower -3.7%. Energy was the best performing sector in September, up +2.7%, followed by Consumer Discretionary (+0.6%) and Telecommunication Services (+0.1%). Financials were the worst performing sector over the past month, returning -10.7%, followed by Information Technology (-6.8%) and Materials (-4.1%).

While the northern hemisphere braces for a resurgence of COVID-19 and consequent lockdowns, the Australian sharemarket entertained the idea of a vaccine being made available in the coming months, thus promoting rallies in tourism, travel and leisure stocks.

The Australia's government would release a constructive budget in the early days of October, with emphasis on personal income tax cuts and enlarged infrastructure investment. During the month construction related stocks performed well on an improving detached house market (ex-Victoria) and participation in the governments home building program. Portfolio holdings that performed well in this space in the month were **Brickworks (BKW; +8.1%)** and **PEET (PPC; +20.0%)**.

BKW predominantly derives its revenue from property development and building products in Australia, however, does have US housing market exposure which remains in good shape despite the pandemic and unemployment hardships. Whilst developer of masterplanned communities PPC is primed to benefit from incremental demand for new homes fuelled by the expanded government HomeBuilder grant.

Detracting from performance in the month was **Nearmap (NEA; -25.2%)** falling on the global Tech sell off and news of a significant capital raising, dropping -16.3% on the day. The stock was quit from portfolios. **BWX (BWX; -12.4%)** traded lower, likely on a shakeout of recent placement stock.

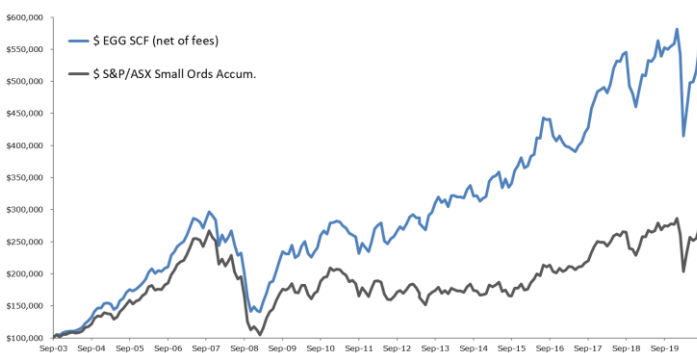
Domestically, the extension of Jobkeeper (with conditions), a bullish budget, and state boarder reopenings should further assist the operating environment for Australian small companies. Stronger household spending and business investment should logically follow. The AGM season is within line of sight and investors will be watching for trading performance updates as guidance updates are expected to be withheld, like reporting season, due to changes to continuous disclosure rules extended to March 2021.

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	-0.41	11.05	0.39	9.02	10.25	7.88	10.63
S&P/ASX Small Ord Accumulation Index (XSOAI)	-2.82	5.67	-3.33	6.53	9.97	3.53	6.12
Outperformance	+2.40	+5.38	+3.72	+2.49	+0.28	+4.35	+4.51

\$100,000 SINCE INCEPTION (AFTER FEES)

STOCK ATTRIBUTION*

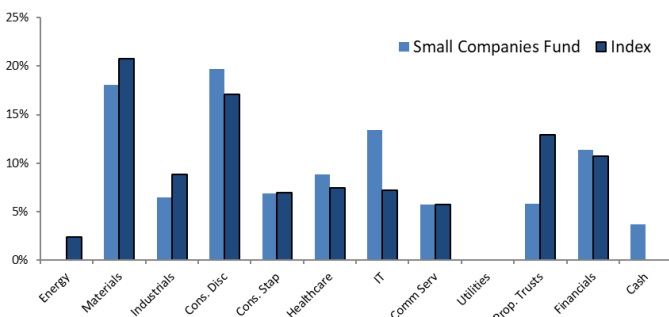
[^]Fund inception September 2003



Code	Stock	Sector
Top 3 Contributors		
BKW	Brickworks	Materials
EBO	Ebos Group	Health Care
PPC	Peet	Real Estate
Bottom 3 Detractors		
BWX	BWX	Consumer Staples
NEA	Nearmap	Information Technology
OBL	Omni Bridgeway	Financials

FUND SECTOR ALLOCATION

TOP 5 ACTIVE POSITIONS*



Code	Stock	Sector
BKW	Brickworks	Materials
EBO	Ebos Group	Health Care
OBL	Omni Bridgeway	Financials
PPH	Pushpay Holdings	Information Technology
VOC	Vocus Group	Communication Services

*Alphabetical order, 30 September 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: \$433.6m as at 30 September 2020

Minimum Investment: \$25,000

Unit Price: Daily

APIR Code: EGG0001AU

ARSN CODE: 106171224

PDS & Applications Forms

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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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