

The Small Ordinaries Accumulation Index (XSO) achieved a positive return up 0.5% in October which contrasted the negative trend of global equity markets. The Eley Griffiths Emerging Companies Fund (ECF) ended the month flat underperforming its benchmark. After slumping in September, Financials recovered +5.5%, followed by Consumer Discretionary (+1.7%) and Consumer Staples (+1.7%). Healthcare was the worst performing sector over the past month, returning -8.6%, followed by Communication Services (-2.3%) and Energy (-1.0%).

Equities rallied through the first half of October (XSO up ~7% by the 19th) following the release of a Federal Budget that offered meaningful tax relief for consumers and businesses alike, including the extension of JobKeeper/Seeker programs and the unveiling of JobMaker. Also supportive for equities was dovish commentary from the RBA Governor Philip Lowe which opened the door to further policy easing and purchasing of longer-term bonds.

The final weeks of the month were impacted by news of record rises in coronavirus cases in the United States and parts of Europe. As a result, investor apprehension spiked on news that fresh lockdowns may crippling the global economic recovery. Adding to the risk-off sentiment were concerns a US stimulus package would not be agreed upon before the election and signs of a tightening US Presidential race which might raise the prospect of an unworkable US Congress.

Wholesaler of computer hardware and software, **Dicker Data** (DDR; +25.6%) rallied on a strong quarterly update, exceeding revenue growth expectations driven by mobilisation to remote working solutions. Further upside is anticipated with DDR supporting

businesses with their return-to-work strategies and business continuity plans in a post-COVID-19 environment. The new business pipeline is swelling and larger infrastructure projects that were previously put on hold are now proceeding.

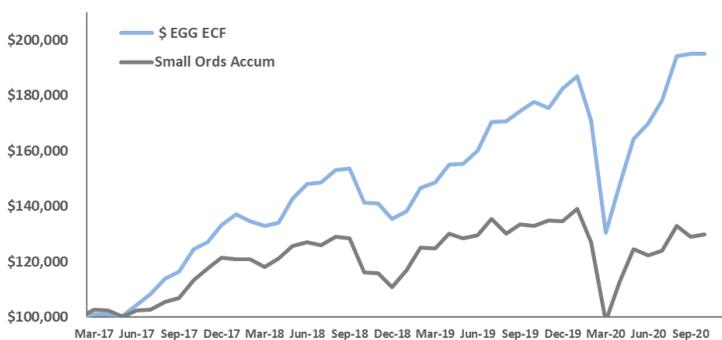
Another key contributor in the month was lung diagnostics imaging company **4DMedical** (4DX; +35.9%) which has experienced strong tailwinds from COVID-19. Unlike existing respiratory diagnostic procedures, 4DX technology provides a non-invasive way of understanding lung motion and airflow in real-time. The company's strategic focus is US market expansion.

Annual general meetings dominated newsflow throughout October with seemingly above average levels of scrutiny directed to agendas, notably remuneration reports and management incentive structures. Updates in the main were positive, reflecting a prevailing buoyant consumer discretionary environment. Automotive after-market group and EGG holding **Bapcor** (BAP) spoke reassuringly about trading for the first quarter of FY21. Stocks whose share prices had overreached fared less well with their management commentaries, such as **Temple & Webster** (TPW; -15.4%), **Adairs** (ADH) and **Baby Bunting** (BBN).

Looking ahead, as borders begin to reopen the Reserve Bank deputy governor declared Australia is technically out of recession with the September quarter showing modest growth. As flagged by the RBA Governor, on 3 November the RBA reduced the cash rate to 10bp and announced \$100bn quantitative easing (bond buying). Finally, the world (and markets) await the outcome of the US election and whether Washington will face policy gridlock issues.

Returns post fees	1 Month %	3 Months %	6 Months %	1 Year %	2 years % p.a.	3 years % p.a.	Incep [^] %p.a.
EGG Emerging Companies Fund	0.00	9.41	31.89	9.67	17.45	16.12	19.98
S&P/ASX Small Ord Accumulation Index (XSOAI)	0.46	4.69	15.10	-2.40	5.67	4.63	7.35
Outperformance	-0.46	+4.72	+16.79	+12.06	+11.78	+11.49	+12.62

\$100,000 SINCE INCEPTION (AFTER FEES)

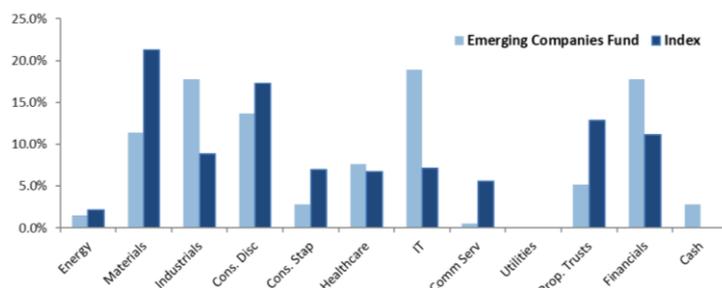


STOCK ATTRIBUTION*

[^]Fund inception March 2017

Code	Stock	Sector
Top 3 Contributors		
4DX	4Dmedical	Health Care
DDR	Dicker Data	Information Technology
MFT	Mainfreight	Industrials
Bottom 3 Detractors		
CRN	Coronardo Global Resources	Materials
NUC	Nuchev	Consumer Staples
TPW	Temple & Webster Group	Consumer Discretionary

FUND SECTOR ALLOCATION



TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
DDR	Dicker Data	Information Technology
IDX	Integral Diagnostics	Health Care
MAH	Macmahon Holdings	Materials
MFT.NZ	Mainfreight	Industrials
PWG	Primewest	Real Estate

* Alphabetical order as at 30 October 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: \$145.9m as at 30 October 2020

Minimum Investment: \$10,000

Unit Price: Daily

APIR Code: PIM5346AU

ARSN CODE: 616328128

PDS & Applications Forms

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

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

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 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.

DISCLAIMER: For wholesale clients use only. Not for retail clients use or distribution. This document is issued by Eley Griffiths Group Pty Limited (ABN 66 102 271 812) (EGG) in relation to the Eley Griffiths Emerging Companies Fund (Fund). The Trust Company (RE Services) Limited ABN 45 003 278 830, AFSL 235 150 (Perpetual) is the Responsible Entity of, and issuer of units in the Fund, and EGG is the investment manager of the Fund. The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund. EGG accepts no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the disclosure document for the Fund. Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance. Neither EGG nor Perpetual guarantee repayment of capital or any rate of return from the Fund. Neither EGG nor Perpetual give any representation or warranty as to the reliability or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of EGG as at the date of this document are subject to change without notice.