

In January, the Eley Griffiths Emerging Companies Fund (ECF) finished up +1.43% in the month outperforming its benchmark, the Small Ordinaries Accumulation Index (XSOAI) which declined -0.25%.

The benchmark began the new year assertively only to concede ground in the final days of January. Energy names moved lower (-4.9%) as did most gold stocks while lithium/rare earths counters enjoyed solid support from investors. Telecommunication Services was the best performing sector in January, up 3.9%, followed by Consumer Discretionary (+3.2%) and Financials (+2.1%).

Contributing to performance was challenger internet service provider, Aussie Broadband Ltd (ABB; +24.1%), which spiked 20% on announcing a 31% increase in customer broadband connections over the past 6 months. ABB debuted on the market in October, with capital raised from the IPO destined to accelerate the rollout of its own dark fibre network, reducing the reliance on third-party infrastructure and ultimately reducing costs and increasing margins.

In our January 2020 report we noted online bookmaker Pointsbet Holdings (PBH; +31.5%) had made a breakthrough in the US market by securing two critical casino partnerships in Michigan and Kansas. Fast forward 12 months and PBH has launched in New Jersey, Iowa, Indiana, Illinois, and Colorado. New Jersey and Illinois the standouts, in both states PBH's market share has surpassed 14%. In January, PBH announced that Michigan (pop. 10m) has authorised the commencement of online sport betting becoming their sixth operational US state. Ambitious targeted marketing partnerships signed with NBC Sports, NBA's Detroit Pistons, NHL's Detroit Red

Wings and the MBL's Detroit Tigers see PBH well placed to capitalise on Michigan's legalisation of online gambling and further accelerated active US clients, already up 71% since 30 September 2020.

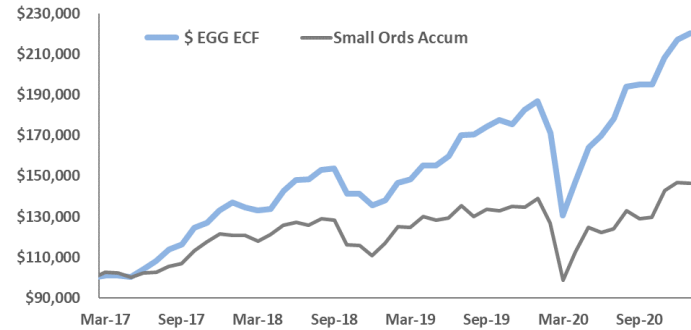
US President Joe Biden's plan to lead a transition to renewable energy and achieve a '2050 net zero emissions' target further energised investor demand for lithium names, a key component in EV batteries. One pledge in Biden's policy was to replace the entire US Government fleet (645,000) with electric vehicles. Portfolio holding Galaxy Resources (+20.6%), a play on this thematic.

Our preference toward economically sensitive stocks continued in the month. Commodity and cyclical exposure edged up again in the month as positions in Karoon Energy and Coronado Global Resources were increased.

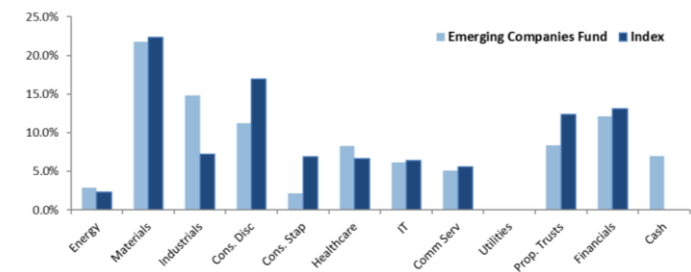
It is anticipated that February's half year reporting season will generally be in line with expectations given the backdrop of a resurgent resources market, buoyant property and construction industries and a resilient consumer hording historically high savings. Pre-season earnings confessions have been few. Coupled with a vaccine rollout, further normalisation of consumer spending and business investment in the year ahead should be supportive of small cap earnings growth.

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	1.43	13.01	23.64	17.84	26.30	17.14	22.35
S&P/ASX Small Ord Accumulation Index (XSOAI)	-0.25	13.03	18.33	5.38	11.91	6.68	10.26
Outperformance	+1.69	-0.02	+5.31	+12.47	+14.39	+10.46	+12.09

\$100,000 SINCE INCEPTION (AFTER FEES)



FUND SECTOR ALLOCATION



STOCK ATTRIBUTION*

^Fund inception March 2017

Code	Stock	Sector
Top 3 Contributors		
ABB	Aussie Broadband	Communication Services
GXY	Galaxy Resources	Materials
PBH	Pointsbet Holdings	Consumer Discretionary
Bottom 3 Detractors		
PLY	Playside Studios	Communication Services
SLC	Superloop	Communication Services
THL.NZ	Tourism Holdings	Industrials

TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
AQZ	Alliance Aviation Services	Industrials
CRN	Coronado Global Resources	Materials
MFT.NZ	Mainfreight	Industrials
PWG	Primewest	Real Estate
TRS	The Reject Shop	Consumer Discretionary

* Alphabetical order as at 31 January 2021

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: \$184.0m as at 31 January 2021

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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