

The Eley Griffiths Group Emerging Companies Fund (ECF) finished lower, -1.6% for the month after undershooting the Small Ordinaries Accumulation Index (XSOAI), which finished +0.8%. Big caps outpaced small caps, with the S&P/ASX100 Accumulation Index +2.5%, benefitting from bank share price strength on better macro conditions (credit growth, deposit tailwind, excess capital) and a steepening yield curve.

Defensive sectors shone during the month with Real Estate names performing strongly, up +4.5% by month end, followed by a good showing from Consumer Staples (+3.1%). Materials (notably gold and metal's names) was the worst performing sector over the past month, returning -4.9%, followed by Industrials (-4.8%) and Financials (-2.8%).

The normalising of bond yields was the dominant theme impacting equity markets, specifically valuations of Growth stocks which have rocketed as the risk-free rate collapsed. Rising bond yields are typical coming out of a recession, a signal of economic growth and positive for earnings growth. Investor debate centred around the possible acceleration of inflation and a timeline for policy tightening continued to rage.

A recovery in travel & leisure names continued in the month with Serko (SKO; +18%) contributing to portfolio performance. SKO experienced a meaningful uplift in transaction volumes of its Zeno Travel app, an AI-powered end-to-end travel

management tool. Pentanet (5GG; +20%), was another holding that performed well in March. 5GG is a Perth based telecommunications company that delivers high-speed NBN services through its private fixed-wireless network. 5GG announced in the month it has received better than expected interest in the launch of GeForce Now, a cloud-based game streaming service.

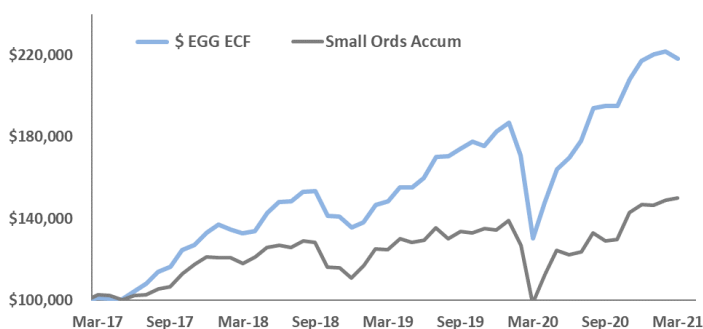
Detracting from performance in the month were Materials holdings, after several strong months copper and iron prices gave back some ground. We remain optimistic about the outlook for small resources, a rapid recovery in global economic activity combined with structural deficits across many commodities bodes well for price appreciation and steady earnings growth. EGG Material holdings are characterised by high free-cash-flows, strong balance sheets and a proven management team.

While there remains risk around the vaccine rollout, economic recovery now appears underway with encouraging jobs, payroll and household savings data expected to support consumer and business spending ahead. Australia has experienced the highest level of monetary stimulus since the second world war, allowing for unprecedented levels of liquidity in the market. This, combined with low level interest rates is encouraging for underlying growth in the economy and supportive for equity markets.

Returns post fees	1 Month %	3 Months %	1 Year %	2 years % p.a.	3 years % p.a.	4 years % p.a.	Incep^ %p.a.
EGG Emerging Companies Fund	-1.61	0.42	67.16	21.19	17.93	21.23	21.05
S&P/ASX Small Ord Accumulation Index (XSOAI)	0.79	2.09	52.15	9.62	8.33	9.95	10.45
<b>Outperformance</b>	<b>-2.40</b>	<b>-1.67</b>	<b>+15.01</b>	<b>+11.56</b>	<b>+9.60</b>	<b>+11.27</b>	<b>+10.60</b>

^Fund inception March 2017

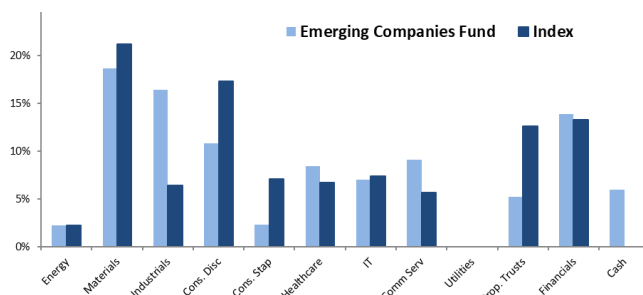
### \$100,000 SINCE INCEPTION (AFTER FEES)



### STOCK ATTRIBUTION\*

Code	Stock	Sector
<b>Top 3 Contributors</b>		
5GG	Pentanet	Communication Services
PPE	People Infrastructure	Industrial
SKO	Serko	Information Technology
<b>Bottom 3 Detractors</b>		
CTM	Centarus Metals	Materials
CRN	Coronado Global Resources	Materials
DDH	DDH1	Materials

### FUND SECTOR ALLOCATION



### TOP 5 ACTIVE POSITIONS\*

Code	Stock	Sector
AQZ	Alliance Aviation Services	Industrials
ABB	Aussie Broadband	Communication Services
MFT.NZ	Mainfreight	Industrials
SLK	Sealink Travel Group	Consumer Discretionary
PWG	Primewest	Real Estate

\* Alphabetical order as at 31 March 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:** \$200.8m as at 31 March 2021

**Minimum Investment:** \$10,000

**Unit Price:** Daily

**APIR Code:** PIM5346AU

**ARSN CODE:** 616328128

## PDS & Applications Forms

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

## Existing investor administration:

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## Investment Enquires

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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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