

In a strong month, the Eley Griffiths Group Emerging Companies Fund (ECF) climbed +7.9%, outperforming the Small Ordinaries Accumulation Index (XSOAI) which returned +4.9%. Only a handful of names finished in the red for the month, largely attributed to company specific matters, such as earnings revisions and operational setbacks.

The release of subdued inflation data in the month was welcomed by investors apprehensive about the possibility of a stimulus driven inflation spike which could eventuate into policy tightening. With concerns alleviated, investors returned with enthusiasm to small cap stocks, especially those aligned to the recovering economy. Information Technology (+10.1%) and Financials (+7.3%) were among the better performing sectors.

Thematically, Small Resources stocks surged 9.5% abetted by firmer commodity prices. Spot gold +5%, Iron ore prices rallied a further 15% and coal prices firmed whilst Copper surpassed decade highs. After successive down months, gold names found investor support and pushed higher. EGG portfolio holdings Capricorn Metals (+20.5%) and West African Resources (+26.8%) contributed to the funds performance in April.

Support for the Battery/EV thematic continues the prospect of mass adoption of electric vehicles across the globe. Ballooning demand for Lithium, the core ingredient in rechargeable lithium-ion batteries, would result in a lithium supply squeeze and prices increases. Contributing to returns in the month was portfolio

holding Galaxy Resources (+55.3%) which announced a \$4bn equal parts merger with fellow lithium producer Orocobre Limited, their union will form a top 5 global lithium chemicals company.

The March quarter edition of *The Encyclical* flagged the addition of Betmakers Technology (BET; +26.4%) into the portfolio. BET is busily forging bookmaker technology partnership agreements with US racing bodies to capitalise on the US mobile betting deregulation revolution. In the month BET released a quarterly report which surpassed investor revenue and cash balance expectations.

Detracting from performance in the month were coal stocks which failed to follow the broader Materials sector higher. Prices of all types of coal have remained depressed in recent times, although enjoying relief in April. This recovery failed to elicit much support for listed coal stocks. EGG exited its holding in Coronado Global Resources mid-month.

Top down, improving unemployment data and record high job ads suggests the domestic economic recovery continues to gain traction. The Treasurer stated in April that Fiscal tightening would not occur before unemployment stabilised and resided below 5%, a more aggressive objective than the 6% goal broadcasted in 2020. We await the prospect of additional stimulus being announced at the 11 May Budget.

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	7.88	6.80	59.18	23.17	20.65	23.57	22.80
S&P/ASX Small Ord Accumulation Index (XSOAI)	4.98	7.44	39.78	10.08	9.10	11.37	11.52
<b>Outperformance</b>	<b>+2.90</b>	<b>-0.64</b>	<b>+19.40</b>	<b>+13.09</b>	<b>+11.54</b>	<b>+12.20</b>	<b>+11.28</b>

^Fund inception March 2017

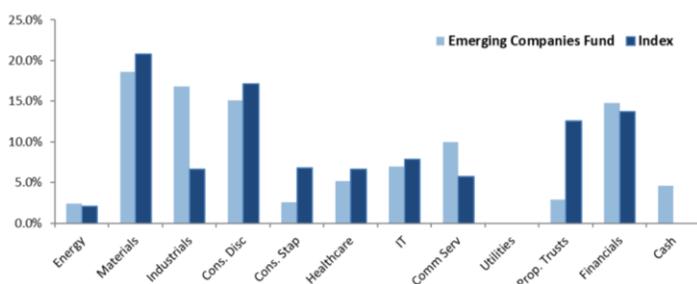
### \$100,000 SINCE INCEPTION (AFTER FEES)



### STOCK ATTRIBUTION\*

Code	Stock	Sector
<b>Top 3 Contributors</b>		
BET	Betmakers Technology	Consumer Discretionary
GXY	Galaxy Resources	Materials
5GG	Pentanet	Communication Services
<b>Bottom 3 Detractors</b>		
CRN	Coronado Global Resources	Materials
MLD	MACA	Materials
PLY	Playside Studios	Communication Services

### FUND SECTOR ALLOCATION



### TOP 5 ACTIVE POSITIONS\*

Code	Stock	Sector
ABB	Aussie Broadband	Communication Services
AFG	Australian Finance Group	Financials
MFT.NZ	Mainfreight	Industrials
SLK	Sealink Travel Group	Consumer Discretionary
WGN	Wagners Holding Company	Materials

\* Alphabetical order as at 30 April 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:** \$212.0m as at 30 April 2021

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

**Unit Price:** Daily

**APIR Code:** PIM5346AU

**ARSN CODE:** 616328128

### PDS & Online Applications Forms

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### 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** 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.

**Nick Guidera** joined Eley Griffiths in September 2016 after 6 years at the global equity research house CLSA, in both analytical and research sales roles in the US & Australia. Prior to financial markets Nick spent 4 years as a practicing lawyer. Nick holds a Bachelor of Laws & Graduate Certificate of Legal Practice from University of Technology and a Master of Financial Management from the Macquarie Graduate School of Management.

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