

In a strong month, the Eley Griffiths Group Emerging Companies Fund (ECF) climbed +7.7%, outperforming the Small Ordinaries Accumulation Index (XSOAI) which gained +5.0%. Small caps firmly outpaced large caps which gained +1.7% in the month.

In a reversal of July, the index strength was driven by the Small Industrials (+5.8%) overshadowing a softer Small Resources (+0.7%) performance, surrendering much of the gains of last month. A -15% plunge in the Iron Ore price (-45% from May's highs) sent shockwaves through the commodities sector. The weakness in Iron Ore was likely triggered by a build-up in Chinese portside inventories and a pledge to curb steel production from a number of mills. Detracting from the portfolio's performance were Mineral Resources (-13%) which gave back a wedge of July's gains, whilst Sims (-8%) momentum stalled despite announcing FY21 earnings guidance had been exceeded.

Small Financials emerged as the strongest sector out of reporting season, the rally from EGG holding Pinnacle (PNI; +32%) a significant contributor. PNI operates as a scalable distribution and infrastructure platform for multiple fund managers. Ballooning capital managed by these managers has seen PNI deliver a 5-year compound net profit growth rate of 63%. When announcing a record profit year, management signalled the desire for growth by increasing its fund manager

relationships.

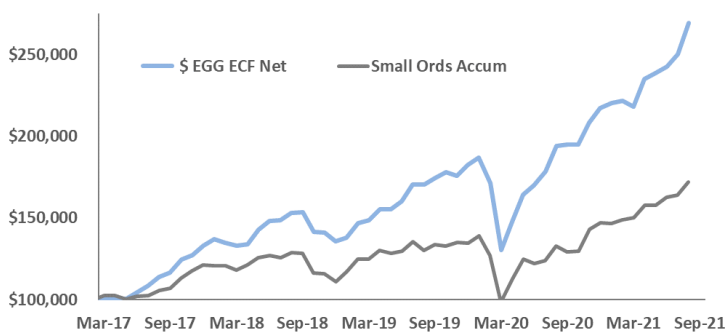
EGG portfolio holdings Aussie Broadband (ABB; +40%) and DGL (+55%) have featured in our monthly's frequently since positions were initiated. Both have enjoyed successful share market aftermarkets ahead of the unveiling of their maiden results as public companies. ABB is considering several acquisition targets to pounce on before the years end to compete more fiercely with the major telcos. Similarly, DGL is searching for acquisitions to support a shift to "onshoring" of products verses international supply as shipping and logistics continued to run into problems in the pandemic.

Overall, the reporting season scorecard shows 'beats' trumped 'misses' by a handy margin given the strong economic recovery prior to lockdowns measures being enforced. A pragmatic and optimistic tone was delivered by management teams, underpinned by healthy balance sheets and the expectation a snapback in activity from pent up demand. Supply chain management remains a key focus as freight costs rise and delivery lead times lengthen. We await 2022 guidance, possibly provided through October/November AGM season when management teams have greater confidence with vaccination rates and the lockdown exit timelines

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	7.69	12.92	38.83	25.67	20.73	24.00	24.64
S&P/ASX Small Ord Accumulation Index (XSOAI)	4.98	8.95	29.51	14.97	10.09	13.03	12.82
Outperformance	+2.71	+3.97	+9.32	+10.70	+10.64	+10.97	+11.82

^Fund inception March 2017

\$100,000 SINCE INCEPTION (AFTER FEES)



FUND SECTOR ALLOCATION



STOCK ATTRIBUTION*

Code	Stock	Sector
Top 3 Contributors		
ABB	Aussie Broadband	Communication Services
DGL	DGL Group	Materials
PNI	Pinnacle	Financials
Bottom 3 Detractors		
AIS	Aeris Resources	Materials
AQZ	Alliance Aviation Services	Industrials
PGL	Prospra Group	Financials

TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
ABB	Aussie Broadband	Communication Services
CMM	Capricorn Metals	Materials
DGL	DGL Group	Materials
MFT.NZ	Mainfreight	Industrials
VRT	Virtus Health	Health Care

* Alphabetical order as at 31 August 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: \$274.1m as at 31 August 2021

Minimum Investment: \$10,000

Unit Price: Daily

APIR Code: PIM5346AU

ARSN CODE: 616328128

Investment Enquires:

John Price | Head of Distribution & Operations

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

PDS & Online Applications Forms:

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

Existing investor administration:

Link Fund Solutions

LFS_registry@linkgroup.com | +61 2 9547 4311

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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