

In a strong month, the Eley Griffiths Group Small Companies Fund (SCF) climbed +6.0%, 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.

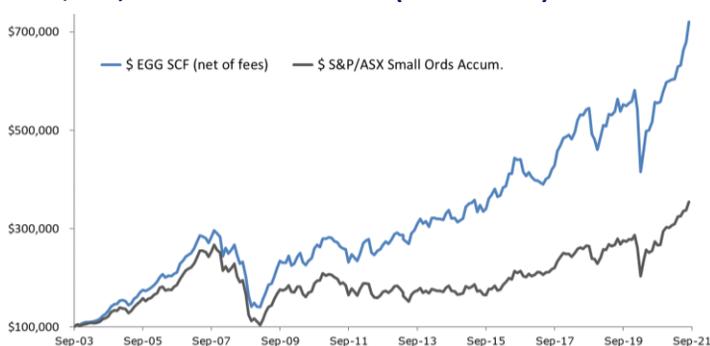
EGG investment, fashion jewellery retailer Lovisa Holdings (LOV; +21%) pushed to a record high in the month on announcing 20% sales growth in FY21, despite encountering lockdown closures and supply chain disruptions. The growth was supported by an expanding global store network, LOV now trading from 544 stores in 20 countries. Markets with high vaccination rates and a loosening in individual restrictions drove the upswing in sales growth.

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 %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Incep ^A % p.a.
EGG Small Companies Fund	6.04	13.97	29.29	9.94	10.37	10.82	11.68
S&P/ASX Small Ord Accumulation Index (XSOAI)	4.98	8.95	29.51	10.09	10.99	6.72	7.34
Outperformance	+1.06	+5.02	-0.22	-0.15	-0.62	+4.09	+4.34

^AFund inception September 2003

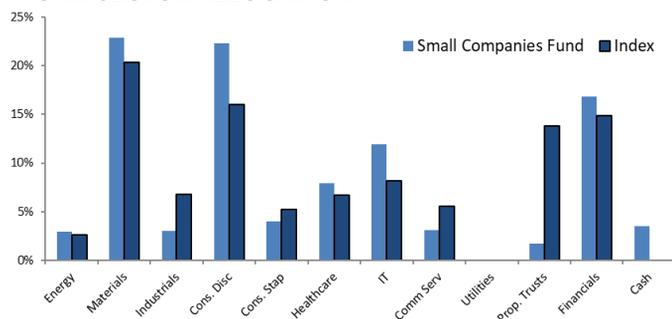
\$100,000 SINCE INCEPTION (AFTER FEES)



STOCK ATTRIBUTION*

Code	Stock	Sector
Top 3 Contributors		
EBO	EBOS Group	Health Care
LOV	Lovisa Holdings	Consumer Discretionary
PNI	Pinnacle Investments	Financials
Bottom 3 Detractors		
IDX	Integral Diagnostics	Health Care
MIN	Mineral Resources	Materials
SGM	Sims	Materials

FUND SECTOR ALLOCATION



TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
BRG	Breville Group	Consumer Discretionary
CAR	Carsales.Com	Communication Services
EBO	EBOS Group	Health Care
IRE	Iress	Information Technology
PNI	Pinnacle Investments	Financials

*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 listed stocks outside the S&P ASX 100

Fund Inception: September 2003

Cash distributions or unit reinvestments: Annually

Management fees: 1.25%p.a.

Performance fees: 15% p.a. of Outperformance above the S&P/ASX Accumulation Index (After Base Management Fee)

Fund size: \$503.7m as at 31 August 2021

Minimum Investment: \$25,000

Unit Price: Daily

APIR Code: EGG0001AU

ARSN CODE: 106171224

Investment Enquires:

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PDS & Online Applications Forms:

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

Existing investor administration:

Link Fund Solutions

LFS_registry@linkgroup.com | +61 2 9547 4311

ELEY GRIFFITHS SMALL COMPANIES FUND

The Small Companies Fund offers investors exposure to a diversified portfolio of Australian listed small companies that reside outside the S&P ASX100 Index. The Fund is benchmarked against the S&P ASX Small Ordinaries Accumulation Index and has a 17 year track of record of outperformance.

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 (5%) 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 16 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 14 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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