

In the month, the Eley Griffiths Group Small Companies Fund (SCF) increased +2.4%, outperforming the Small Ordinaries Accumulation Index (XSOAI) which returned +0.9%.

The volatility seen in September tempered as concerns that one of China's largest property developers Evergrande would collapse were alleviated when debt commitments were met. Furthermore, reporting of strong US corporate earnings helped dispel fears of slowing global growth.

Domestically, the resilience of the labour market and rapid re-opening of the economy appears to have resulted in a materially higher-than-expected Q3 CPI data (2.1%) the highest since 2015. In response the market priced in several interest rate hikes for 2022, defying the RBA's forward guidance of no rate hikes until 2024. The RBA subsequently withdrew this expectation on Melbourne Cup Day.

Despite the Iron Ore spot weakness, strength in lithium, gold and base metals saw Small Resources again materially outperformed Small Industrials in the month. Uranium holding Paladin Energy (+28%) was stronger after Japan's new Prime Minister indicated he is ready to turn the page on the country's post-Fukushima shutdown of its nuclear power industry. Likewise, French President Emmanuel Macron declared €1bn will be invested in nuclear power by the end of this decade. This has given yet more impetus to the remarkable run-up in

uranium prices over the past six months, and over the past six weeks in particular, when it suddenly tore upwards attributed to Canada-based Sprott Asset Management's Physical Uranium Trust snapping up uranium on the spot market accumulating a stockpile of more than 28 million pounds.

App Life360 Inc. (+27%) which allows users to share locations, group message and call for roadside assistance, contributed to returns with the release of encouraging growth of its Global Monthly Active Users (MAU). MAU surpassed 34 million, a 31% increase year-on-year which fuelled an underlying revenue growth of 45% over the same time period.

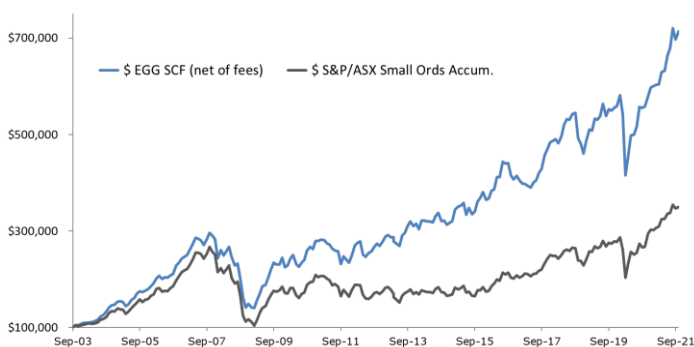
Detracting from returns was Pointsbet (PBH; -19%) as investors questioned PBH's growth in the US post printing market share falls in certain states in the quarter. Competition was very strong in Q1 with a spike in marketing spend by competitors ahead of the launch of the NFL season. PBH made the decision not to deviate from their marketing budget plans.

Trading updates delivered during AGM season have been mostly well received with investors largely looking through adverse impact of lockdowns on 1Q22 trading. Looking ahead a reoccurring challenge for management teams will be their ability to mitigate cost inflation and supply chain pressures.

| Returns post fees                            | 1 Month %    | 3 Months %   | 1 year %     | 3 years % p.a. | 5 years % p.a. | 10 years % p.a. | Incep <sup>A</sup> % p.a. |
|--|--------------|--------------|--------------|----------------|----------------|-----------------|---------------------------|
| EGG Small Companies Fund                     | 2.43         | 5.03         | 27.94        | 13.14          | 11.44          | 11.16           | 11.51                     |
| S&P/ASX Small Ord Accumulation Index (XSOAI) | 0.92         | 3.68         | 31.01        | 13.52          | 11.45          | 6.98            | 7.20                      |
| <b>Outperformance</b>                        | <b>+1.51</b> | <b>+1.36</b> | <b>-3.07</b> | <b>-0.38</b>   | <b>-0.01</b>   | <b>+4.18</b>    | <b>+4.31</b>              |

<sup>A</sup>Fund inception September 2003

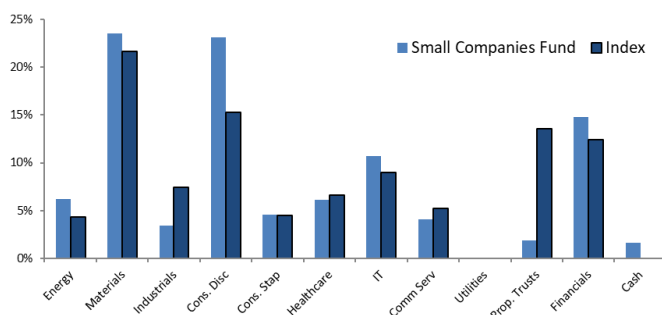
### \$100,000 SINCE INCEPTION (AFTER FEES)



### STOCK ATTRIBUTION\*

| Code                       | Stock              | Sector                 |
|----------------------------|--------------------|------------------------|
| <b>Top 3 Contributors</b>  |                    |                        |
| 360                        | Life350 Inc.       | Information Technology |
| CMM                        | Capricorn Metals   | Materials              |
| PDN                        | Paladin Energy     | Energy                 |
| <b>Bottom 3 Detractors</b> |                    |                        |
| IFM                        | Infomedia          | Information Technology |
| PBH                        | Pointsbet Holdings | Consumer Discretionary |
| PDL                        | Pendal Group       | Financials             |

### FUND SECTOR ALLOCATION



### TOP 5 ACTIVE POSITIONS\*

| Code | Stock                | Sector                 |
|------|----------------------|------------------------|
| BRG  | Breville Group       | Consumer Discretionary |
| CAR  | Carsales.Com         | Communication Services |
| CMM  | Capricorn Metals     | Materials              |
| IEL  | Idp Education        | Consumer Discretionary |
| PNI  | Pinnacle Investments | Financials             |

\*Alphabetical order as at 31 October 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 18 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 Small Ordinaries Accumulation Index (After Base Management Fee)

**Fund size:** \$499.5m as at 31 October 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

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## 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 18 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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