

In a volatile end to the month, the Eley Griffiths Group Small Companies Fund (SCF) returned -0.35%, in line with the Small Ordinaries Accumulation Index (XSOAI) which declined -0.31%.

After posting solid gains midway through the month, two events triggered domestic equity markets to sell-off into month end. First was the discovery of a new COVID-19 variant Omicron in South Africa and its risk of derailing the economic revival. Whilst the World Health Organisation has reported no deaths from Omicron, it could take weeks to determine how effective current vaccines and other treatments might be against it. While the WHO stress it is too early to draw conclusions, indications are that the new variant, while highly transmissible, may be less virulent.

The second, comments made by Federal Reserve chief Jerome Powell that it was time to retire the word “transitory” when describing inflation, as it has been more “persistent and higher than we’ve expected.” For investors this signalled the possibility the Fed could accelerate its tapering of bond purchases which have helped keep a lid on long-term interest rates during the coronavirus pandemic. The inference being a speed up leads to an imminent hike in interest rates.

Gold producers have lagged the broader the market this year with only a select few bucking the trend. Contributing to returns in the month was Capricorn Metals (CMM; +19%) lead by ex-Regis Resources boss Mark Clark, CMM’s first mine Karlawinda was delivered on time and budget, plus commenced cash positive production. CMM’s growth

pipeline was secured with the acquisition of a second mine mid-year, the mothballed Mount Gibson mine at a compelling price per resource ounce.

Another miner which contributed to returns in the month was Chalice Mining (CHN; +49%) which released its first mineral resource estimate for its Gonneville deposit in Western Australia. CHN are optimistic the site has the potential to become a strategic, long-life ‘green metals’ asset after being labelled the largest nickel sulphide discovery in over 20 years and the largest platinum-group elements (PGE) discovery in Australian history.

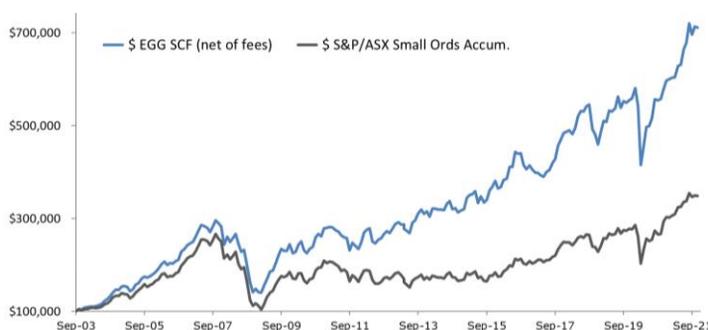
A post AGM sell-off of EFTPOS fintech Tyro (-29%) detracted from returns in the month. Management refrained from giving guidance and warned of increased expenses as it looks to expand operations. In addition, lower terminal rental fees impacted gross profit growth.

The aforementioned events, Omicron and the change in FOMC rhetoric and the subsequent share price correction speaks to a market in search of a retracement. The portfolio has a significant skew to quality and liquidity, complimented with a targeted and fundamental exposure to resources companies for which the backdrop is constructive.

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	-0.35	-1.30	22.87	13.89	11.82	11.41	11.43
S&P/ASX Small Ord Accumulation Index (XSOAI)	-0.31	-1.54	18.44	13.54	11.65	7.35	7.14
Outperformance	-0.04	+0.25	+4.42	+0.34	+0.17	+4.06	+4.29

^AFund inception September 2003

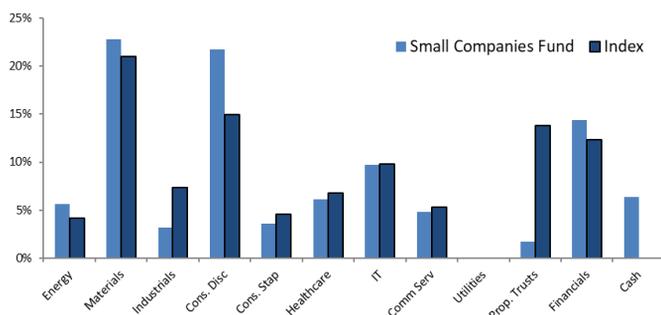
\$100,000 SINCE INCEPTION (AFTER FEES)



STOCK ATTRIBUTION*

Code	Stock	Sector
Top 3 Contributors		
CHN	Chalice Mining	Materials
CMM	Capricorn Metals	Materials
PLS	Pilbara Minerals	Energy
Bottom 3 Detractors		
ILU	Iluka Resources	Materials
PBH	Pointsbet Holdings	Consumer Discretionary
TYR	Tyro Payments	Information Technology

FUND SECTOR ALLOCATION



TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
BRG	Breville Group	Consumer Discretionary
CAR	Carsales.Com	Communication Services
CMM	Capricorn Metals	Materials
EBO	Ebos Group	Health Care
PNI	Pinnacle Investments	Financials

*Alphabetical order as at 30 November 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: \$498.3m as at 30 November 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

EleyGriffiths@linkmarketservices.com.au | +61 2 8767 1114

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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