

The Eley Griffiths Group Small Companies Fund (SCF) increased 2.4% in July outperforming its benchmark, the Small Ordinaries Accumulation Index which finished +0.7%.

The performance of the Small Ords in July was dominated by the Small Resources (+7.4%) sector. Several EV battery material names struck record highs, for the SCF portfolio, Pilbara Minerals (+22%), IGO (22%) and Mineral Resources (+17%) contributed to the month's performance. Coal names rebounded, whilst investors' appetite for mining services names turned positive with portfolio holdings Seven Group (+14%) and Monadelphous (+3%) adding value for unitholders.

A surge in Delta variant cases saw lockdown restrictions activated across the country. The immediate implication for equity markets saw the "Stay at Home" bucket outperform the "Reopening Bucket". Portfolio holdings which found support in the month consequently were online-only retailer of furniture and homewares Temple & Webster (+11%), as did Breville Group (+8%) and Nick Scali (+5%).

M&A activity was the common theme between the funds top performing stocks in the month. Capricorn Metals (+14%) acquired the Mt Gibson Gold Project in Western Australia lifting the groups position by around 2mil ounces at an inexpensive \$20 per resource ounce. Whilst language testing

and student placement company IDP Education (IEL; +15%) entered into an agreement to acquire the British Council's Indian International English Language Testing System (BC IELTS India). As a result of the deal, IEL becomes the exclusive distributor of IELTS in the substantial Indian market. Finally, diversified producer of battery and renewable related metals (copper, nickel, cobalt, and lithium) IGO (+22%) executed two deals both in Western Australian. The first, a new lithium JV with Tianqi Lithium Corporation in Western Australia, the second, acquisition of the Silver Knight nickel-copper-cobalt sulphide deposit from the Creasy Group.

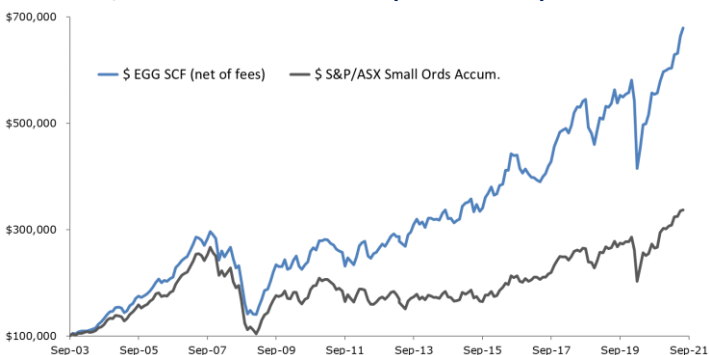
Detracting from SCF performance in the month was US sports betting and iGaming provider PointsBet (PBH; -12%). PBH has trailed the performance of growth stocks over the past two months as investors anticipate a low probability of PBH cracking the prized New York market on speculation they will opt for a more monopolistic betting licence approach. Success accessing NY could have implications for expansion into Pennsylvania and New Jersey markets.

FY21 reporting season was underway at the time of writing with barely a handful of result being announced. Attention will be trained on distortions to operating models bought about State Government lockdowns such as sales momentum, supply chain management and labour immobility. Management teams will likely opt to defer FY22 guidance to the AGM period in October.

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	2.39	8.03	31.41	8.57	8.91	10.07	11.37
S&P/ASX Small Ord Accumulation Index (XSOAI)	0.69	4.06	32.30	9.22	9.57	5.92	7.08
<b>Outperformance</b>	<b>+1.70</b>	<b>+3.97</b>	<b>-0.88</b>	<b>-0.64</b>	<b>-0.67</b>	<b>+4.15</b>	<b>+4.29</b>

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

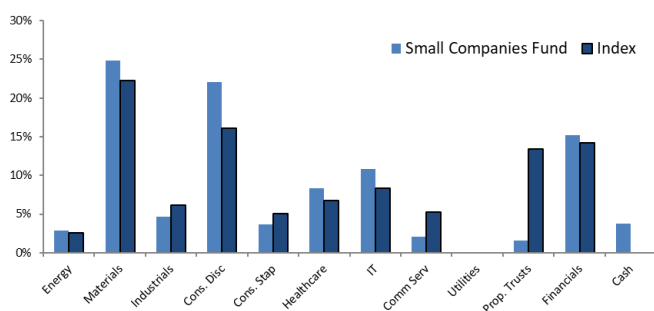
### \$100,000 SINCE INCEPTION (AFTER FEES)



### STOCK ATTRIBUTION\*

Code	Stock	Sector
<b>Top 3 Contributors</b>		
CMM	Capricorn Metals	Materials
IEL	Idp Education	Consumer Discretionary
IGO	IGO	Materials
<b>Bottom 3 Detractors</b>		
AMI	Aurelia Metals	Materials
OBL	Omni Bridgeway	Financials
PBH	Pointsbet Holdings	Consumer Discretionary

### FUND SECTOR ALLOCATION



### TOP 5 ACTIVE POSITIONS\*

Code	Stock	Sector
CMM	Capricorn Metals	Materials
EBO	EBOS Group	Health Care
IEL	Idp Education	Consumer Discretionary
IRE	Iress	Information Technology
PNI	Pinnacle Investments	Financials

\*Alphabetical order as at 31 July 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:** \$467.4m as at 31 July 2021

**Minimum Investment:** \$25,000

**Unit Price:** Daily

**APIR Code:** EGG0001AU

**ARSN CODE:** 106171224

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### PDS & Online Applications Forms:

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

### Existing investor administration:

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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 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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