

In a volatile month, the Eley Griffiths Group Small Companies Fund (SCF) finished down -3.3%, compared to the Small Ordinaries Accumulation Index (XSOAI) which declined -2.1%.

Contributing to September's weakness were fears that one of China's largest property developers, China Evergrande Group, would fail under \$300 billion in liabilities and leave 1.5 million buyers waiting for finished homes. The People's Bank of China has been steadily tightening property market restrictions to rein in ballooning prices and household debt driven by rising urbanisation. The government announced they would introduce policies to avoid a hard property market landing vowing to ensure a "healthy property market" and protect homeowners' lawful rights.

Adding to the volatility, The Fed indicated that the US central bank's purchases of bonds will start to wind down in November, paving the way for interest rates to potentially rise towards the end of next year. The hawkish commentary saw bond yields gap up quickly which halted the momentum of tech/growth stocks.

Energy was the top performing Small Ords sector up 18% in the month. A turnaround play within the EGG portfolio is Karoon Energy (KAR; +24%) which rallied as global power curbs and shortages issues saw much stronger Brent & LNG prices. KAR has transitioned from explorer to producer under a rejuvenated, highly rated executive team and board.

Strong production growth, potential for acquisition, plus tailwinds from a reopening of borders and international freight combine for an encouraging outlook for KAR.

Contributing to performance was Home Consortium (HMC; +18%) who's stock price benefitted from increased volumes around the entry into global real estate benchmarks. In the month HMC listed a specialised Healthcare and Wellness REIT (HCW), comprising a portfolio of 27 properties. HMC gained 14% on debut of which 20% ownership has been retained by HMC.

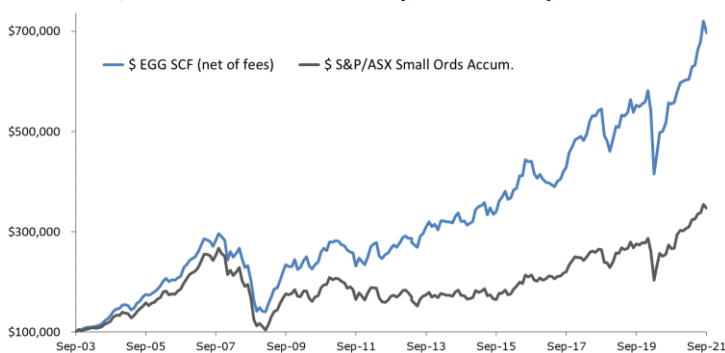
IRESS (IRE; -21%) detracted from performance the month after its takeover talks with EQT concluded without being able to agree on a transaction. Significant holding Pinnacle (-9%) finished the quarter up 33%, despite consolidating in the month.

The 12 month forward looking Commonwealth Bank Household Spending Intentions series lifted sharply to a record high in September. The normalising of household saving ratios, credit growth and house price appreciation sets the scene for a rebound in economic activity as lockdowns end. The EGG portfolios have a significant skew to quality and liquidity, complimented with a targeted and fundamental exposure to resources companies.

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	-3.30	4.98	25.53	8.50	9.58	11.62	11.41
S&P/ASX Small Ord Accumulation Index (XSOAI)	-2.14	3.44	30.41	9.43	10.18	7.70	7.18
Outperformance	-1.16	+1.55	-4.88	-0.93	-0.59	+3.93	+4.24

^AFund inception September 2003

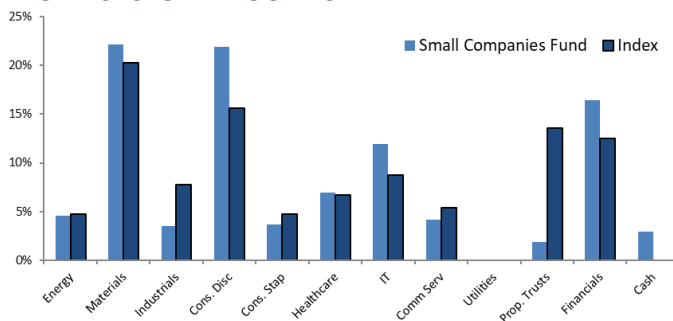
\$100,000 SINCE INCEPTION (AFTER FEES)



STOCK ATTRIBUTION*

Code	Stock	Sector
Top 3 Contributors		
IEL	IDP Education	Consumer Discretionary
KAR	Karoon Energy	Energy
PDN	Paladin Energy	Energy
Bottom 3 Detractors		
CRN	Capricorn Metals	Materials
IRE	IRESS	Information Technology
PNI	Pinnacle Investments	Financials

FUND SECTOR ALLOCATION



TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
ALQ	ALS	Industrials
CAR	Carsales.Com	Communication Services
EBO	EBOS Group	Health Care
IRE	IRESS	Information Technology
PNI	Pinnacle Investments	Financials

*Alphabetical order as at 30 September 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 Accumulation Index (After Base Management Fee)

Fund size: \$486.2m as at 30 September 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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