

Despite the volatility brought about by the Russia/Ukraine conflict and the looming prospect of a tightening cycle, including an initial 50bp move, the Small Ordinaries Accumulation Index finished steady for the month -0.1%. The Eley Griffiths Group Small Companies Fund narrowly undershot finishing -0.6%.

Overall 1H reporting season for small caps concluded with a modest negative skew with downgrades outpacing upgrades. Supply chain disruptions and labour availability were recurring key themes, corporate margins have been maintained by successful pass through of higher opex in the main. Cash burning companies were sold off on disappointing results.

IT stocks lost ground in February, doubtless influence by a heavy sell off in Nasdaq Tech names. The detrimental effect of higher interest rates on Tech company valuations was not lost on investors. Despite the portfolio having a significant underweight position to the Information Technology sector, the start to 2022 has been deeply challenging for growth stocks. Tech and Fin Tech names which detracted from performance in the month were Life360 Inc (-36.6%), Tyro Payments (-31.5%) and Praemium (-39.3%). EGG's position in Life360 was exited in the month.

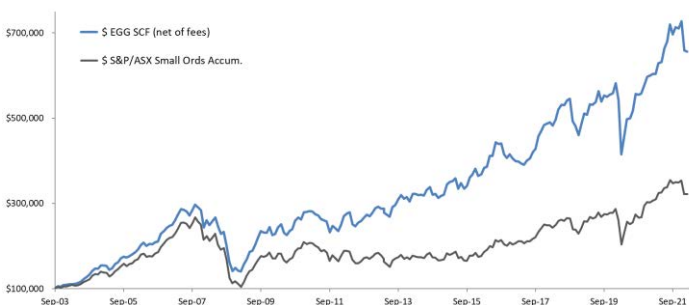
In contrast Cyclical, particularly Energy (+10.7%) and Materials (+7.1%), were well bid through reporting season. The risk-off sentiment/gold rally a boost for portfolio holding and Western Australian gold producer Capricorn Metals (+19.9%). In addition to the bullish sentiment towards industrial metals, Sims (+28.2%) released sales volume growth well above consensus. Pandemic driven labour constraints have weighed on Mining Services names. The sector came back to life in the month with Cimic Group receiving a takeover bid whilst NRW Holdings and portfolio holding Monadelphous Group (+26.4%) posted results ahead of consensus amid challenging conditions.

Inflation, rising rates and the cumulative effects that the Russian/Ukraine situation might have on commodity prices are front of mind for investors. Higher oil prices are a growth suppressant and bond markets have reacted accordingly, yields that were rising sharply have fallen abruptly. The predicted velocity of US Fed rate rises has also retracted. The market now has greater clarity on the March outcome (+25bp hike), guidance investors were desperately seeking as seen in January's panic. Finally, the US AAI Investor Sentiment Survey has bulls in the ~20% minority, this is a traditionally a level where market turnarounds can occur.

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	-0.56	-7.78	8.66	8.70	10.45	9.28	10.78
S&P/ASX Small Ord Accumulation Index (XSOAI)	-0.01	-7.71	5.02	7.74	9.35	5.50	6.58
Outperformance	-0.56	-0.06	+3.64	+0.96	+1.10	+3.78	+4.20

^AFund inception September 2003

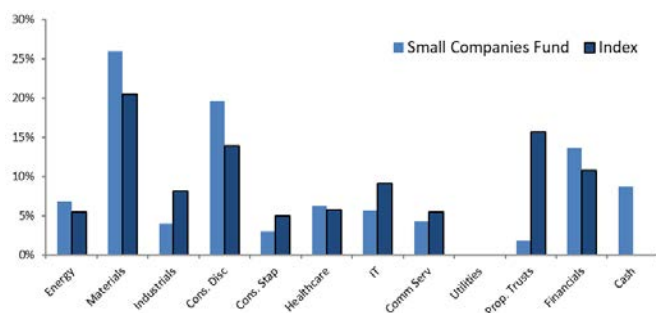
\$100,000 SINCE INCEPTION (AFTER FEES)



STOCK ATTRIBUTION*

Code	Stock	Sector
Top 3 Contributors		
CMM	Capricorn Metals	Materials
MND	Monadelphous Group	Industrials
SGM	Sims	Materials
Bottom 3 Detractors		
360	Life360 Inc	Information Technology
PPS	Praemium	Information Technology
TYR	Tyro Payments	Information Technology

FUND SECTOR ALLOCATION



TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
BRG	Breville Group	Consumer Discretionary
CMM	Capricorn Metals	Materials
EBO	Ebos Group	Health Care
ILU	Iluka Resources	Materials
KAR	Karoon Energy	Energy

*Alphabetical order as at 28 February 2022

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: \$455.2m as at 28 February 2022

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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