

The market low of 24 February, the day Russia invaded Ukraine, has held with equity markets shifting back to a "risk-on" stance in the month of March. Buoyed by strong commodity prices the Australian market extended its yearlong outperformance over most major offshore investors. In March, the Eley Griffiths Group Small Companies Fund finished up +6.4% outperforming the Small Ordinaries Accumulation Index, which gained +5.3%.

After a sluggish start to the month, a widely anticipated 25bp hike by the US Federal Reserve (FOMC) triggered the equity market upswing. Stunning inflation prints instigated months of investor angst over the timing and pace of rate rises. Investor reaction to the eventual hike was a case of "sell the rumour, buy the fact", a reversal of the well-known adage. With a further 200 bp cumulative increase anticipated this year in the US, investors now turn their attention to whether the Fed's action can rein in inflation at 40-year highs without hard landing the economy.

The Small Resources (+12%) once again materially outperformed the Small Industrials (+2%) in March. The Fund has been well positioned for the broad-based rally we have seen across the commodity complex. Materials and energy

stocks now account for over 26% of the Small Ordinaries Index. Strength in Lithium holdings contributed to returns in the month, Lontown Resources (+31%) extended its agreements terms to supply LG Energy Solution with one-third of its Kathleen Valley production which commences in 2024. IGO (+29%) a diverse green metals producer also benefitted from volatile trading in Nickel. Metal recycler Sims (+21%) traded higher with scrap prices and release of strong 1H results.

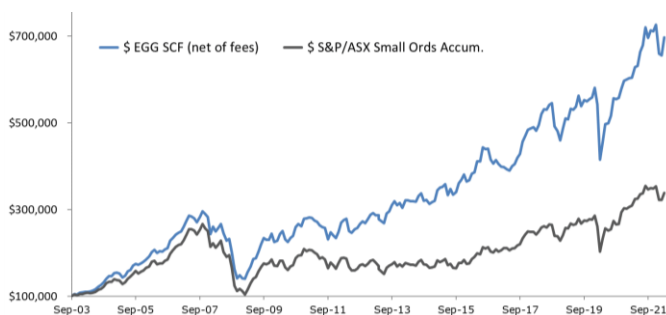
Profitless tech struggled through the month whereas quality tech was well supported with portfolio holding Iress gaining +15%.

A robust underlying economy and elevated commodity prices has meant the Australian equity market has been relatively insulated versus offshore markets and within sight of testing all-time highs. The prospect of Russia's geopolitical isolation precluding them from exporting commodities is supportive for Australia's significant capabilities, in particular heavy sanctions seen in Coal, LNG and wheat. This does present opportunities for Australian corporates, a fact not lost on investors. This lays bare already excessively conservative broker commodity (and earnings) estimates

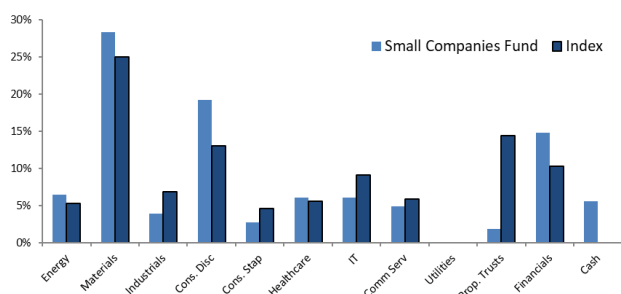
Returns post fees	1 Month %	3 Months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Incep <sup>A</sup> % p.a.
EGG Small Companies Fund	6.35	-4.08	15.46	11.11	11.87	9.71	11.10
S&P/ASX Small Ord Accumulation Index (XSOAI)	5.26	-4.21	9.68	9.64	9.90	6.02	6.84
<b>Outperformance</b>	<b>+1.09</b>	<b>+0.13</b>	<b>+5.78</b>	<b>+1.46</b>	<b>+1.97</b>	<b>+3.69</b>	<b>+4.25</b>

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

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



### FUND SECTOR ALLOCATION



### STOCK ATTRIBUTION\*

Code	Stock	Sector
<b>Top 3 Contributors</b>		
IGO	IGO	Materials
IEL	IDP Education	Consumer Discretionary
SGM	Sims	Materials
<b>Bottom 3 Detractors</b>		
A2M	The A2 Milk Company	Consumer Staples
IPD	ImpediMed	Health Care
LOV	Lovisa Holdings	Consumer Discretionary

### 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
SGM	Sims	Materials

\*Alphabetical order as at 31 March 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:** \$481.0m as at 31 March 2022

**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:

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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