

Global equity markets propelled higher in November on positive vaccine news and the US Election outcome. Locally the ASX200 posted its best November on record (+9.9%) and best month in over 30 years. The Small Ordinaries Accumulation Index (XSO) rallied 10.3% slightly ahead of the ASX100 (+10.2%) extending its YTD outperformance to 7.1%. The Eley Griffiths Emerging Companies Fund (ECF) gained 6.9%. Energy names surged +16.6%, followed by Financial +13.1% and Industrials +10.2%. Information Technology stocks lagged (-2.2%), followed by Communication Staples (+0.6%) and Communication Discretionary (+3.0%)

Thematically, three separate promising vaccine announcements from Pfizer, Moderna & AstraZeneca galvanised the economic re-opening trade triggering a breakneck rotation into Cyclical & Value names at the expense of Growth/Tech & Covid-19 Stay-At-Home beneficiaries. Furthermore, the energised risk-on sentiment saw Gold miners sold off. This shift was played out across global markets throughout November.

The month started on a positive note with the ASX200 rallying 2% on the day the RBA slashed the cash rate to 0.10% from 0.25%, plus announcing a new \$100bn bond-buying program over the next six months to fulfil its mandate of achieving full employment. The US Election result was received positively by the market, first a Biden victory, second the Republican's winning the Senate theoretically preventing major policy changes. A political standstill reduces the threat of tax hikes and increased regulation whilst applying pressure back on the Fed to continue its stimulus heavy lifting.

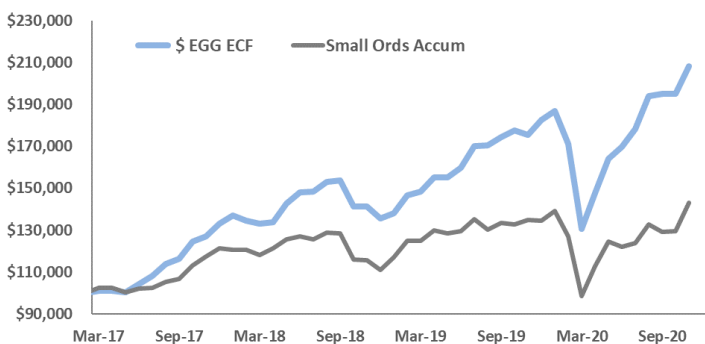
Lithium mining portfolio holdings Galaxy Resources (GXY; +56.4%) and Pilbara Minerals (PLS; +69.1%) soared in conjunction with a surging lithium price. GXY raised \$161m in equity at a 15% discount aimed at de-risking the Sal de Vida project. Lithium miners are a chief beneficiary of escalating electronic vehicle sales volumes. Iron ore enjoyed a 12.5% gain in the month to close above US\$130 off the back of strong Chinese demand, which was also supportive for Coronado Global Resources (CRN; +40.9%) which is one of the largest metallurgical coal producers globally.

Detracting from performance were Growth/Tech and online consumer discretionary names which rallied aggressively during the pandemic but suffering on news of successful COVID-19 vaccine trials. The expectation being a widely distributed vaccine in 2021 would slow the shift to online and working from home dynamic.

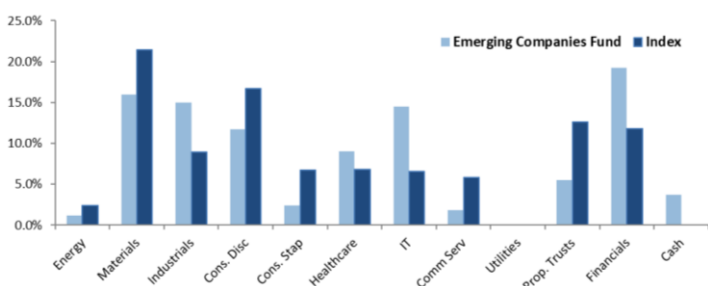
The backdrop for equities remains constructive moving into 2021. Notwithstanding easy monetary policy and ongoing fiscal stimulus, the eventual revival of consumer confidence will be supportive for Australian small companies. Household savings rate remains at historical highs, ~19% compared to pre-pandemic levels of 5-10%, an indicator of pent-up demand. Normalising of consumer spending and business investment in the new year provide encouraging prospects for small cap earnings growth.

Returns post fees	1 Month %	3 Months %	6 Months %	1 Year %	2 years % p.a.	3 years % p.a.	Incep^ %p.a.
EGG Emerging Companies Fund	6.85	7.34	26.90	18.66	21.48	17.94	21.62
S&P/ASX Small Ord Accumulation Index (XSOAI)	10.27	7.66	14.78	5.98	11.17	6.73	10.02
Outperformance	-3.42	-0.31	+12.12	+12.69	+10.31	+11.21	+11.60

\$100,000 SINCE INCEPTION (AFTER FEES)



FUND SECTOR ALLOCATION



STOCK ATTRIBUTION*

*Fund inception March 2017

Code	Stock	Sector
Top 3 Contributors		
CRN	Coronado Global Resources	Materials
GXY	Galaxy Resources	Materials
ECX	Eclixp Group	Financials
Bottom 3 Detractors		
ADH	Adairs	Consumer Discretionary
FCL	Fineos Corp Holdings	Information Technology
PPH	Pushpay Holdings	Information Technology

TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
CRN	Coronado Global Resources	Materials
IDX	Integral Diagnostics	Health Care
MFT.NZ	Mainfreight	Industrials
PWG	Primewest	Real Estate
TRS	The Reject Shop	Consumer Discretionary

* Alphabetical order as at 30 November 2020

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/NZX listed stocks outside the S&P ASX 200

Fund Inception: March 2017

Cash distributions or unit reinvestments: Annually

Management fees: 1.25%p.a.

Performance fees: 15.375% p.a. of Outperformance above the S&P/ASX Accumulation Index (After Base Management Fee)

Fund size: \$160.5m as at 30 November 2020

Minimum Investment: \$10,000

Unit Price: Daily

APIR Code: PIM5346AU

ARSN CODE: 616328128

PDS & Applications Forms

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ELEY GRIFFITHS EMERGING COMPANIES FUND

The Emerging Companies Fund offers investors exposure to a diversified portfolio of Australian listed emerging companies that reside outside the S&P ASX200 Index. The Fund is benchmarked against the S&P ASX Small Ordinaries Accumulation Index and was launched 1 March 2017.

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 (7%) 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



DAVID ALLINGHAM



TIM SERJEANT

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 15 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 13 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.

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