Eley Griffiths Group Emerging Companies Fund

April 2022

ELEY GRIFFITHS GROUP

Global equity markets were dragged down by the weight of big picture macro overrides in April. The Eley Griffiths Group Emerging Companies Fund finished lower by 3.6% versus the Small Ordinaries Accumulation Index, which declined 1.5%.

The Australian market remained among the most resilient developed equity markets in the face of rising inflation prints, expectation of higher interest rates, and the geopolitical uncertainty was too much for most major global benchmarks to fight. The S&P 500 finished April down 8.8%, China's Shanghai Comp fell 6.3% while the Tech heavy Nasdaq posted its largest monthly decline since 2008, losing 13.3%. The Australian Small Ords Information Technology sector followed suit, falling 12.5%.

The damage experienced among US Tech stocks has been extraordinary. More than 22% of Nasdaq holdings are down 75%. High profile representatives, Robinhood and ARKK Innovation ETF remain under huge pressure down -90% and -70% respectively from all-time highs. An inflection point in inflation, pivoting to a negative rate of change would be positive for equity markets. A continuing positive trajectory would be negative. Overall, the portfolio has maintained a significant underweight to IT.

After a sustained outperformance, resource succumbed to concerns about Chinese growth with escalating COVID lockdowns a logical catalyst. Despite commodities across the board finishing in the red (Brent excluded), Small Resources (+0.1%) once again outperformed Small Industrials (-2.2%). Resources strength was led again by coal, yet lithium names gave up some of March's strength. Liontown Resources (-25%) and Core Lithium (-13%) detracted from the funds performance.

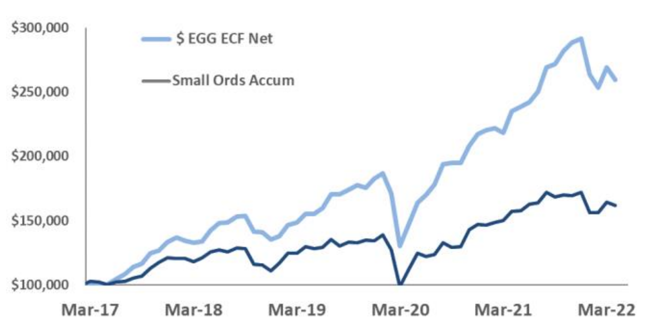
Contributing to performance in the month was chemicals supplier DGL Group (DGL, +12%) which upgraded its earnings guidance for FY22. Listed 12 months ago, DGL continues its earning accretion through organic growth and acquiring strategically positioned businesses.

Subsequent to month end and after 18 consecutive rate cuts (4.75% to 0.10%) the RBA increased rates for the first time in over 11.5 years +25 bps to 0.35%. The market is now pricing +10 hikes in 2022 to 2.9% (up from 1.75% 1 month ago). Whilst the expected cadence of hikes domestically has increased since Tuesday's announcement, conversely in the States, year-end targets are tempering from hysterical levels. At time of writing (Thursday morning) comments from the Fed Chairman that supersized rate rises would not be required to rein in inflation triggered a relief rally.

Returns post fees	1 Month %	3 Months %	1 Year %	3 years % p.a.	5 years % p.a.	Incep^ %p.a.
EGG Emerging Companies Fund	-3.55	-1.48	10.55	18.75	20.81	20.29
S&P/ASX Small Ord Accumulation Index (XSOAI)	-1.50	3.68	2.91	7.64	9.62	9.80
Outperformance	**-2.05**	**-5.16**	**+7.64**	**+11.11**	**+11.18**	**+10.49**

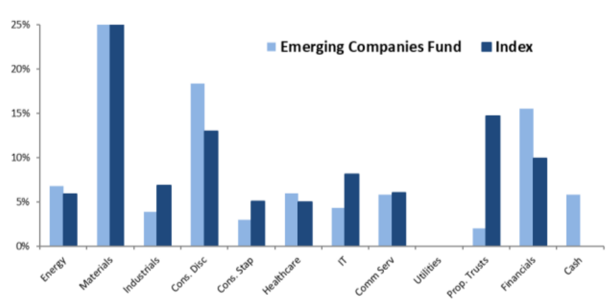
^Fund inception March 2017. Past performance is not an indicator of future performance

$100,000 SINCE INCEPTION (AFTER FEES)



^Fund inception March 2017. Past performance is not an indicator of future performance

FUND SECTOR ALLOCATION



STOCK ATTRIBUTION*

Code	Stock	Sector
Top 3 Contributors		
DGL	DGL Group	Materials
MGH	MAAS Group	Industrials
MGX	Mount Gibson Iron	Materials
Bottom 3 Detractors		
BLX	Beacon Lighting Group	Consumer Discretionary
CXO	Core Lithium	Materials
LTR	Liontown Resources	Materials

TOP 5 ACTIVE POSITONS*

Code	Stock	Sector
AQZ	Alliance Aviation	Industrials
BLX	Beacon Lighting Group	Consumer Discretionary
CMM	Capricorn Metals	Materials
DGL	DGL Group	Materials
MFT.NZ	Mainfreight	Industrials

* Alphabetical order as at 29 April 2022

Eley Griffiths Group Emerging Companies Fund

Fund Factsheet

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)

This fund is appropriate for investors with “High” and “Very High” risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the TMD for further information

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 Small Ordinaries Accumulation Index (After Base Management Fee)
Fund size: $306.5m as at 29 April 2022
Minimum Investment: $10,000
Unit Price: Daily
APIR Code: PIM5346AU
ARSN CODE: 616328128

Investment Enquires:
John Price | Head of Distribution & Operations
john@eg-group.com.au |+61 2 8311 5175

PDS & Online Applications Forms:
https://eleygriffithsgroup.com/invest/

Existing investor administration:
Link Fund Solutions
EleyGriffiths@linkmarketservices.com.au |+61 2 8767 1114

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 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.

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.