

The Eley Griffiths Group Emerging Companies Fund (Fund) decreased -2.9% in August, outperforming the Small Ordinaries Accumulation Index which finished -4.0% lower. Since its inception in March 2017, the Fund has delivered a return of +13.1% per annum after fees for its unitholders.

In the month financial markets grappled with a shift in sentiment. Triggered primarily by the US Federal Reserve's (Fed) announcement of a more hawkish (tightening) monetary policy stance, investors shifted from the optimism of a smooth economic "soft landing" scenario, reverting to the "higher for longer" narrative, the prospect of a prolonged period of elevated interest rates. Escalating oil prices added to heightening anxieties about persistent inflation. Moreover, the looming threat of a US government shutdown due to a funding dispute added another layer of uncertainty.

The gold price experienced a decline in response to the more hawkish stance taken by the Fed. Typically, demand for gold softens as higher rates make interest-bearing assets more attractive in comparison to non-interest-bearing safe-haven asset like gold. Detracting from returns in the month were gold names Genesis Minerals (-13%) and Capricorn Metals (-10%). Leo Lithium's (-55%) performance suffered due to rising concerns about regulatory risks in its Mali operations.

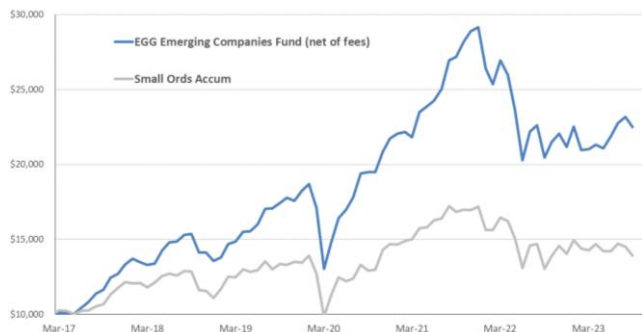
Leading contributors to returns in the month was oil and gas explorer and producer Karoon Energy (+10%) and uranium holding Paladin Energy (+30%). Oil prices surged as U.S. crude inventories dropped significantly, surpassing expectations. Combined with OPEC's production cuts, this raised concerns about reduced supply, prompting a rally across the oil complex. Production downgrades announced by a major uranium producer triggered a notable rally in uranium prices.

Finally, Tuas Ltd (+11%) moved higher after reporting a 50% year-on-year increase in revenue. TUA, which owns and operates a mobile network in Singapore, has been making substantial investments in its network infrastructure to achieve the goal of surpassing 60% outdoor 5G coverage by year end.

| Returns post fees                            | 1 Month %     | 3 Months %    | 1 Year %      | 3 years % p.a. | 5 years % p.a. | Incep <sup>A</sup> %p.a. |
|--|---------------|---------------|---------------|----------------|----------------|--------------------------|
| EGG Emerging Companies Fund                  | -2.92%        | +2.90%        | +10.08%       | +4.90%         | +7.93%         | +13.11%                  |
| S&P/ASX Small Ord Accumulation Index (XSOAI) | -4.04%        | -1.94%        | +6.85%        | +2.57%         | +1.63%         | +5.17%                   |
| <b>Outperformance</b>                        | <b>+1.12%</b> | <b>+4.84%</b> | <b>+3.23%</b> | <b>+2.33%</b>  | <b>+6.30%</b>  | <b>+7.94%</b>            |

<sup>A</sup>Fund inception March 2017. Total net returns represent past performance only. **Past performance is not a reliable indicator of future performance.** Total returns (net) have been calculated using exit prices and take into account the applicable buy/sell spread and are net of Eley Griffiths Group's management fees and assumes reinvestment of distributions. No allowance has been made for taxation or any fees charged by operators of master trusts or wrap accounts through which the products are offered. Returns of more than one year are annualised. Returns of the Fund can be volatile and in some periods may be negative. The return of capital is not guaranteed.

### \$10,000 SINCE INCEPTION (AFTER FEES)



<sup>A</sup>Fund inception March 2017. Past performance is not an indicator of future performance

### FUND SECTOR ALLOCATION



### STOCK ATTRIBUTION\*

| Code                       | Stock              | Sector                 |
|----------------------------|--------------------|------------------------|
| <b>Top 3 Contributors</b>  |                    |                        |
| KAR                        | Karoon Energy      | Energy                 |
| PDN                        | Paladin Energy     | Energy                 |
| RIC                        | Ridley Corporation | Consumer Staples       |
| <b>Bottom 3 Detractors</b> |                    |                        |
| GMD                        | Genesis Minerals   | Materials              |
| LLL                        | Leo Lithium        | Materials              |
| TPW                        | Temple & Webster   | Consumer Discretionary |

\* Alphabetical order as at 30 September 2023

### TOP 5 ACTIVE POSITIONS\*

| Code | Stock              | Sector                 |
|------|--------------------|------------------------|
| AD8  | Audinate Group     | Information Technology |
| GMD  | Genesis Minerals   | Materials              |
| KAR  | Karoon Energy      | Energy                 |
| RIC  | Ridley Corporation | Consumer Staples       |
| SDR  | SiteMinder         | Information Technology |

\* Alphabetical order as at 30 September 2023

## 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.

We are style agnostic and can own both growth and value companies to construct portfolios. The aim of our investment process is to deliver consistent outperformance through all market conditions.

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:** \$261.0m as at 30 September 2023

**Minimum Investment:** \$10,000

**Unit Price:** Daily

**APIR Code:** PIM5346AU

**ARSN CODE:** 616328128

### Investment Enquires:

John Price | Head of Distribution & Investment Operations  
[john@eg-group.com.au](mailto:john@eg-group.com.au) | +61 2 8311 5175

### Existing investor administration:

Link Fund Solutions

[EleyGriffiths@linkmarketservices.com.au](mailto:EleyGriffiths@linkmarketservices.com.au) | +61 2 8767 1114

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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 aims to outperform through the market cycles.

## 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.