

Equity markets could not maintain the strength of the previous two months drifting lower in December. The Small Ordinaries Accumulation Index returned -3.7%, the Eley Griffiths Group Small Companies Fund finished -4.0% lower and since inception (September 2003) the Fund has returned +9.7% p.a. after fees for unitholders.

Despite the US November consumer price index (CPI) print coming in below expectations and the lowest in a year, US Federal Reserve chairman Jerome Powell's signalled that interest rate increases will continue, albeit at a slower pace. Powell dampened hopes of a Fed 'pivot' suggesting rates may stay higher for longer to achieve price stability, implying a return to 2% inflation overtime. (Powell's Press Conference December 14)

Contributing to the Funds performance in the month was Champion Iron (+14.9%). The China re-opening story saw Iron Ore close +19% higher in the month notwithstanding investors debate of China's industrial production and slowing credit concerns as the country tackles escalating Covid cases. Lithium names retreated In December amid concerns around the sustainability of electric vehicle (EV) demand and weaker battery supply chain destocking. A rotation away from

Lithium contributed to Gold's strength as did the Bank of Japan's unexpected reversal on its YCC policy (Yield Curve Control) which sent the USD lower triggering commodities priced in USD to trade higher. Contributing to returns in the month was Gold holding Capricorn Metals (+9.5%).

Investors aiming to circumvent earnings downgrades has seen capital allocated to stocks with strong balance sheets and defensive recurring revenue. Holdings EBOS (+8.1%) and NIB (+6.2%) traded near or through all-time highs in the month.

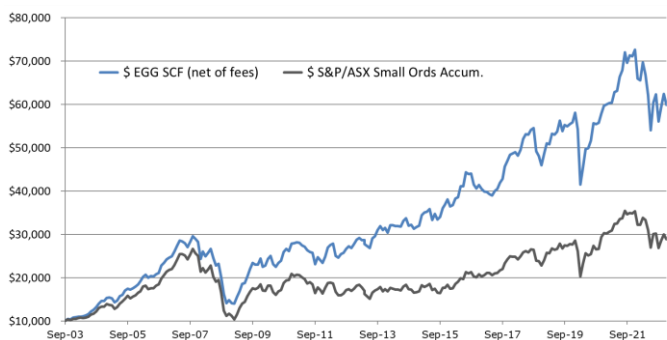
Detracting from returns in the month was property settlements platform company PEXA Group (PXA; -17.9%). To pay down borrowings, Link Group (LNK) sold 10% of its existing 43% stake in PXA, its remaining shares to be transferred to LNK shareholders via an in-specie distribution.

As we move past peak inflation prints central banks will balance guiding inflation lower without bringing economic growth to a grinding halt. As the pace of central banks rate hikes decline, governing company earnings and market direction will shift from monetary policy to bottom-up company fundamentals.

Returns post fees	1 Month %	3 Months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Incep^ % p.a.
EGG Small Companies Fund	-4.00	6.83	-17.59	2.36	4.36	7.97	9.72
S&P/ASX Small Ord Accumulation Index (XSOAI)	-3.73	7.54	-18.38	1.38	2.92	5.13	5.66
Outperformance	-0.27	-0.71	+0.79	+0.98	+1.44	+2.84	+4.06

^Fund inception September 2003. 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)



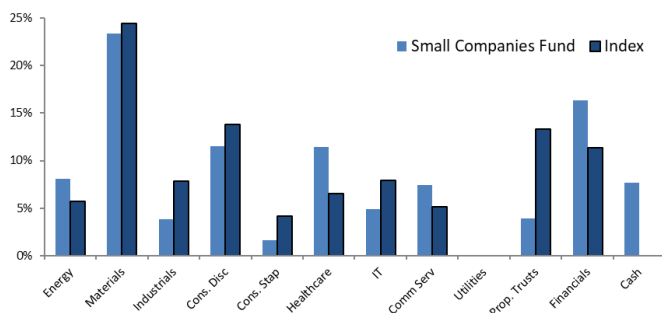
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STOCK ATTRIBUTION*

Code	Stock	Sector
Top 3 Contributors		
CMM	Capricorn Metals	Materials
CIA	Champion Iron	Materials
EBO	EBOS Group	Health Care
Bottom 3 Detractors		
EHE	Breville Group	Consumer Discretionary
HMC	HMC Capital	Real Estate
PXA	PEXA Group	Real Estate

**Alphabetical order as at 31 December 2022*

FUND SECTOR ALLOCATION



TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
BRG	Breville Group	Consumer Discretionary
BLD	Boral	Materials
CMM	Capricorn Metals	Materials
MDN	Monadelphous Group	Industrials
PNI	Pinnacle Investment	Financials

** Alphabetical order as at 31 December 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.

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 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: \$341.0m as at 31 December 2022

Minimum Investment: \$25,000

Unit Price: Daily

APIR Code: EGG0001AU

ARSN CODE: 106171224

Investment Enquires:

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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 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 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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