

After increasing +6.6% in January, the Small Ordinaries Accumulation Index retraced -3.7% in the month. The Eley Griffiths Group Emerging Companies Fund finished -6.9% lower and since inception (March 2017) the Fund has returned +13.6% p.a. after fees for unitholders.

A collection of strong US economic data coming in ahead of expectations triggered moves across all asset classes. The data hit sentiment as it supported the view that the US Federal Reserve will be forced to stay on its interest rate tightening path. Against this backdrop defensive names outperformed, the opposite to January which saw Growth stocks rally as investors speculated peak inflation had been reached. Gold names fell and detracted from performance as the US 10yr Treasury Yields rose by >40bps.

Overall, the first half year reporting season showed top line revenue numbers remain robust. Higher costs are hitting corporate margins, especially wage inflation which is now the focus rather than labour availability. Management outlooks were generally conservative acknowledging that the economic backdrop is likely to soften. Portfolio holdings which beat earnings expectation and contributed to returns in the month were Audinate Group (+9.8%), Tyro Payments

(+11.1%) and HUB24 (+11.3%).

The Chinese re-opening trade stalled, prompting Small Resources (-9.2%) underperformance of Small Industrials (-2.0%) with weakness across several commodity benchmarks and contracting companies citing cost inflation as prompting delays in capex intentions.

Looking ahead, despite the surprisingly strong US jobs data in the month, Chair of the US Federal Reserve, Jerome Powell said that the disinflationary process “had begun” and that the US was in the “early stages of disinflation” (7 February 2023, Economic Club of Washington speech). The expected gradual downward trend of inflationary data points is likely to lend support to equity markets.

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	-6.87	-2.44	-15.14	7.95	9.83	13.63
S&P/ASX Small Ord Accumulation Index (XSOAI)	-3.70	-1.21	-7.97	4.24	3.56	6.25
<b>Outperformance</b>	<b>-3.17</b>	<b>-1.23</b>	<b>-7.17</b>	<b>+3.71</b>	<b>+6.27</b>	<b>+7.37</b>

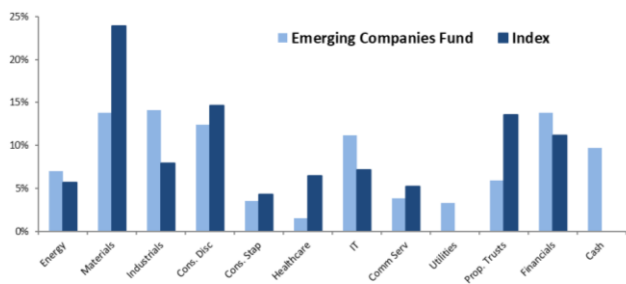
<sup>A</sup>Fund inception March 2017. Total net returns represent past performance only. **Past performance is not a reliable indicator of future performance.** Total returns (net) have been calculated using exit prices and take into account the applicable buy/sell spread and are net of Eley Griffiths 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>		
AD8	Audinate Group	Information Technology
PSC	PSC Insurance Group	Financials
RIC	Ridley Corporation	Consumer Staples
<b>Bottom 3 Detractors</b>		
HAS	Hastings Technology Metals	Materials
PLY	Playside Studios	Communication Services
TPW	Temple & Webster Group	Consumer Discretionary

\* Alphabetical order as at 28 February 2023

### TOP 5 ACTIVE POSITIONS\*

Code	Stock	Sector
MND	Monadelphous Group	Industrials
PNI	Pinnacle Investment	Financials
PSI	PSC Insurance Group	Financials
THL.NZ	Tourism Holdings	Industrials
RIC	Ridley Corporation	Consumer Staples

\* Alphabetical order as at 28 February 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:** \$255.9m as at 28 February 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

**DISCLAIMER:** This document has been prepared and issued by Eley Griffiths Group Pty Limited (ABN 66 102 271 812, AFSL 224 818) (EGG) as the investment manager of the Eley Griffiths Group Emerging Companies Fund (Fund). The Trust Company (RE Services) Limited ABN 45 003 278 830, AFSL 235 150 (Perpetual) is the responsible entity and issuer of units in the Fund. The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund. Neither EGG nor Perpetual accepts liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. You should consider the product disclosure statement (PDS), prior to making any investment decisions. The PDS and target market determination (TMD) can be obtained for free by visiting our website <https://www.eleygriffithsgroup.com/invest/>. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licenced or authorised financial advisor. Past performance is not a reliable indicator of future performance. Neither EGG nor Perpetual guarantee repayment of capital or any rate of return from the Fund. Neither EGG nor Perpetual give any representation or warranty as to the reliability or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of EGG as at the date of this document and are subject to change without notice. Total returns shown for the Eley Griffiths Group Emerging Companies Fund have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation.

## 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.