

After increasing +6.6% in January, the Small Ordinaries Accumulation Index retraced -3.7% in the month. The Eley Griffiths Group Small Companies Fund finished -6.0% lower and since inception (September 2003) the Fund has returned +9.8% 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 Boral (+5.8%) and Tyro Payments (+11.1%).

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.	10 years % p.a.	Incep ^A % p.a.
EGG Small Companies Fund	-5.98	-3.21	-7.88	3.66	4.25	7.53	9.77
S&P/ASX Small Ord Accumulation Index (XSOAI)	-3.70	-1.21	-7.97	4.24	3.56	4.88	5.80
Outperformance	-2.28	-2.00	+0.09	-0.58	+0.69	+2.65	+3.97

^AFund 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.



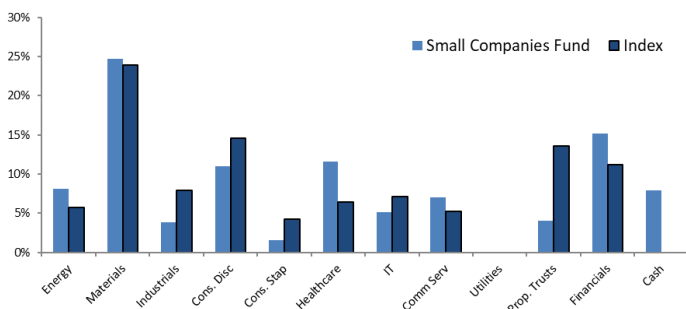
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STOCK ATTRIBUTION*

Code	Stock	Sector
Top 3 Contributors		
BLD	Boral	Materials
BKW	Brickworks	Materials
TYR	Tyro Payments	Information Technology
Bottom 3 Detractors		
CMM	Capricorn Metals	Materials
MND	Monadelphous Group	Industrials
OBL	Omni Bridgeway	Financials

*Alphabetical order as at 28 February 2023

FUND SECTOR ALLOCATION



TOP 5 ACTIVE POSITIONS*

Code	Stock	Sector
BRG	Breville Group	Consumer Discretionary
BLD	Boral	Materials
CAR	Carsales.Com	Communication Services
MDN	Monadelphous Group	Industrials
PNI	Pinnacle Investment	Financials

* 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 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: \$315.5m as at 28 February 2023

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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