



# Small Companies Fund

## Monthly Report

### April 2014

#### Portfolio Performance and Strategy

April marked a return to the volatility of January with a selloff in high PE names and a subdued start to the Q1 reporting season in the USA. The NASDAQ fell for 4 out of the past 5 weeks over concerns valuations had outpaced earnings growth. The escalating conflict in the Ukraine and continued softer data from China also impacted on investor sentiment. M&A activity in the USA buoyed confidence late in the month. This global M&A frenzy was not lost locally, with circa \$5Bn of deals announced in April. The Small Ordinaries Index traded lower on a selloff in high PER names, biotech and several resource company names, notably iron ore miners. The Small Resources Accumulation Index benefitted from the LME Nickel spot price rallying 15.4% for the month, with solid investor support for a number of listed players who started to benefit from the

#### Unit Price as at 30 April 2014

Application	\$1.9627
Redemption	\$1.9525
Fund Size	\$471 million
No. of stocks in portfolio	55

earnings leverage a high cost base offers. The Small Industrials were buoyed by interest in the REIT sector, but fell foul of renewed selling amongst the wealth management names. Primary (IPO) and secondary (placements and sell downs) market activity is increasingly an area of focus for investors in the Small Ordinaries space. Professional investors remain selective though. Japara Healthcare (of which your manager is a holder) debuted +35% on its first day of trading. At least 8 IPO's remain under consideration by us at the time of writing. Our cash weighting finished the month at around 8.5%.

#### Performance Statistics to 30 April 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	-0.77%	+4.99%	+11.20%	+5.17%	+13.51%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	-1.24%	+2.46%	+2.06%	-4.89%	+5.78%
<b>Out performance</b>	<b>+0.47%</b>	<b>+2.53%</b>	<b>+9.14%</b>	<b>+10.06%</b>	<b>+7.73%</b>

\* Fund returns are calculated post fees.

## Top 10 Stocks\*

	Portfolio Weight
1 Platinum Asset Management	4.20%
2 Ardent Leisure Group	4.02%
3 IRESS Limited	3.73%
4 Fletcher Building Limited	3.62%
5 iiNet Limited	3.55%
6 CSR Limited	3.06%
7 Domino's Pizza Enterprises	2.84%
8 Skilled Group Limited	2.72%
9 JB Hi-Fi Limited	2.67%
10 DuluxGroup Limited	2.66%
<b>Top 10 Stocks</b>	<b>33.07%</b>
<b>Other Stocks</b>	<b>61.63%</b>
<b>Cash</b>	<b>5.30%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> March 2014.

## Attribution

The portfolio was overweight 2 of the index's top 10 performing stocks (by index point contribution) being Independence Group (+10.74%) and CSR (+3.99%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Platinum Asset Management (-11.80%) and Super Retail Group (-7.97%).

## Portfolio Changes

**Additions:** Japara Healthcare (tactical), National Storage REIT (company review) and Panoramic Resources (tactical).

**Deletions:** Pacific Brands (tactical) and Perpetual (ASX100 inclusion).

## Market Sector Exposure\*

	Fund %
Materials	10.0%
Energy	2.9%
Industrials	23.7%
Consumer Disc	21.4%
Healthcare	1.1%
Consumer Staples	1.5%
Financials	23.5%
Information Tech	3.7%
Telecoms	3.9%
Utilities	0.4%
Property Trusts	2.6%
Cash	5.3%
<b>Total</b>	<b>100%</b>

## Eley Griffiths Group ratings

Rating Company	Rating
<b>Morningstar</b> September 2013	<b>Silver</b> 2 <sup>nd</sup> Highest Rating
<b>Lonsec</b> February 2014	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
<b>Zenith</b> March 2014	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
<b>van Eyk</b>	<b>Rated</b> Refer iRate

**DISCLAIMER:** This report was prepared by Eley Griffiths Group Pty Limited, AFSL No: 224818. This is general advice only and has been prepared without taking into account your particular objectives, financial circumstances and needs. Before making any decision based on this report, you should assess your own circumstances or consult a financial planner. You should obtain and consider a copy of the product disclosure statement relating to the Eley Griffiths Group Small Companies Fund, before acquiring the financial product. You may obtain a product disclosure statement from your financial planner. To the extent permitted by law, Fundhost Limited nor Eley Griffiths Group Pty Limited, its employees, consultants, advisers, officers and authorized representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this report.