



# Small Companies Fund

## Monthly Report

### December 2013

#### Portfolio Performance and Strategy

The US share market took the Federal Reserve's decision to begin 'tapering' asset purchases in its stride, with the S&P500 rising 2.4% in December and closing at record highs. The Australian bourse started the month in negative territory pressured by IPO issuance and soft trading updates, but finished strongly into month end. Increased risk appetite saw the Small Ordinaries Index outperform the ASX100 Index over the month. Cyclical outperformed with mining services and media names catching a bid. Offshore earners and market leveraged stocks also finished strongly; many closing at new highs. A number of housing related stocks continued their consolidation after strong gains early in the year. After much anticipated hype, many of the IPOs to debut in December underwhelmed, closing below issue price. Trading updates that

#### Unit Price as at 31 December 2013

Application	\$1.9368
Redemption	\$1.9268
Fund Size	\$497 million
No. of stocks in portfolio	54

disappointed the market (e.g. QBE Insurance, Qantas, Crowe Horwath, Silver Chef and Wotif.com) saw savage share price responses. There was no obvious theme to the downgrades with most being company specific. The RBA kept rates on hold in early December, while maintaining its easing bias. This coupled with its unprecedented 'jaw boning' kept the Australian Dollar under pressure, causing the AUD to fall 2% versus the USD. The Eley Griffiths Group Small Companies Fund gained +1.47% net of fees in December and outperformed its benchmark by +14.09% net of fees in Calendar 2013. Our cash weighting finished the month at around 6%.

#### Performance Statistics to 31 December 2013

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	+1.47%	+1.63%	+13.33%	+4.14%	+16.21%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	+2.55%	-0.15%	-0.76%	-5.98%	+8.14%
<b>Out performance</b>	<b>-1.08%</b>	<b>+1.78%</b>	<b>+14.09%</b>	<b>+10.12%</b>	<b>+8.07%</b>

\* Fund returns are calculated post fees.

## Top 10 Stocks\*

	Portfolio Weight
1 IRESS Limited	4.14%
2 Platinum Asset Management	4.13%
3 DuluxGroup Limited	3.84%
4 Super Retail Group Limited	3.64%
5 Fletcher Building Limited	3.52%
6 JB Hi-Fi Limited	3.39%
7 Ardent Leisure Group	3.14%
8 FlexiGroup Limited	2.86%
9 Skilled Group Limited	2.73%
10 GWA Group Limited	2.49%
<b>Top 10 Stocks</b>	<b>33.88%</b>
<b>Other Stocks</b>	<b>58.28%</b>
<b>Cash</b>	<b>7.84%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 30<sup>th</sup> November 2013

## Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being Platinum Asset Management (+11.31%), Slater & Gordon (+10.00%) and Seven West Media (+5.86%). The portfolio was overweight 4 of the index's bottom 10 performing stocks (by index point contribution) being Wotif.com (-36.61%) DuluxGroup (-2.37%), Fletcher Building (-5.73%) and Super Retail Group (-2.92%).

## Portfolio Changes

**Additions:** Cover-More Group (IPO).

**Deletions:** Clough (completion of takeover), Vocation (valuation) and Wotif.com Holdings (company review).

## Market Sector Exposure\*

	Fund %
Materials	6.3%
Energy	3.1%
Industrials	26.0%
Consumer Disc	27.7%
Healthcare	0.8%
Consumer Staples	0.5%
Financials	20.7%
Information Tech	4.2%
Telecoms	1.9%
Utilities	0.4%
Property Trusts	1.4%
Cash	7.0%
<b>Total</b>	<b>100%</b>

## Eley Griffiths Group ratings

Rating Company	Rating
Standard & Poor's	★★★★ - 4 stars 2 <sup>nd</sup> Highest Rating
Lonsec	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
Zenith	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
van Eyk	<b>Rated</b> Refer iRate

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