



Small Companies Fund

Monthly Report

February 2014

Portfolio Performance and Strategy

Global markets reversed January losses this month, rallying in the face of soft economic numbers out of Australia and the USA (the latter claimed to be weather affected). The Eley Griffiths Group Small Companies Fund returned 5.80% net of fees for February, and outperformed its benchmark by 0.83%. The Small Ordinaries Accumulation Index closed the month +4.97%, extending the outperformance over the S&P ASX100 index for 2014. This outperformance was again led by the resource space, with the Small Resources Accumulation Index returned +5.81% outperforming their Industrial counterparts +4.75%. This month was dominated by the reporting season where, on balance, earnings and outlook exceeded what were subdued consensus expectations. As quiet trading conditions weigh on top line growth,

Unit Price as at 28 February 2014

Application	\$1.9777
Redemption	\$1.9674

Fund Size	\$481 million
No. of stocks in portfolio	55

companies displayed a renewed need for tighter cost control. For this reason, reporting season appeared quite encouraging. While high PE “quality” stocks were re-rated post positive results, mining service names took the brunt of the sell off with 6 out of the bottom 10 index performers coming from that space. Results and commentaries from our universe of companies suggests:

- a) cost-out continues to be a favoured earnings lever,
- b) wealth managers again enjoyed solid equity markets and softer AUD performance,
- c) the recovering domestic building cycle is slowly seeing traction for listed names and
- d) business investment remains subdued. Our cash

Performance Statistics to 28 February 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	+5.80%	+3.61%	+10.19%	+4.50%	+18.00%
S&P/ASX Small Ordinaries Accumulation Index	+4.97%	+4.68%	-3.62%	-5.04%	+11.16%
Out performance	+0.83%	-1.07%	+13.81%	+9.54%	+6.84%

* Fund returns are calculated post fees.

weighting finished the month at around 4.5%.

Top 10 Stocks*

	Portfolio Weight
1 DuluxGroup Limited	4.32%
2 Platinum Asset Management	4.09%
3 IRESS Limited	4.05%
4 Fletcher Building Limited	4.02%
5 JB Hi-Fi Limited	3.49%
6 iiNet Limited	3.30%
7 Ardent Leisure Group	3.28%
8 GWA Group Limited	2.89%
9 FlexiGroup Limited	2.88%
10 Macquarie Atlas Roads	2.84%
Top 10 Stocks	35.16%
Other Stocks	58.30%
Cash	6.54%
Total	100%

*For the Small Companies Fund as at 31st January 2014.

Attribution

The portfolio was overweight 5 of the index's top 10 performing stocks (by index point contribution) being Dominos Pizza Enterprises (+25.97%), Independence Group (+25.15%), iiNet (+15.88%), Breville Group (+19.41%) and Ardent Leisure (+17.56%). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being Mermaid Marine Australia (-17.06%).

Portfolio Changes

Additions: PanAust (tactical), Prime Media Group (tactical), Perseus Mining (tactical) and Saracen Minerals (tactical).

Deletions: Transfield Services (tactical).

Market Sector Exposure*

	Fund %
Materials	7.0%
Energy	2.8%
Industrials	26.8%
Consumer Disc	23.0%
Healthcare	0.8%
Consumer Staples	1.2%
Financials	21.8%
Information Tech	4.1%
Telecoms	3.3%
Utilities	0.3%
Property Trusts	2.4%
Cash	6.5%
Total	100%

Eley Griffiths Group ratings

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

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