



Small Companies Fund

Monthly Report

January 2014

Portfolio Performance and Strategy

The Australian share market followed the lead of international markets and finished the month lower, thus failing to deliver seasonal support often enjoyed in the month of January. This weakness can be attributed to offshore markets, pressured by ongoing emerging markets unrest in Turkey and Argentina, slowing growth in China and the Fed's decision to cut a further \$10bn on its stimulus measures. The Small Ordinaries Accumulation Index closed the month -2.76%, outperforming their larger counterparts, if only slightly for January (+0.30%). This outperformance was lead by the resource space, especially Gold equities which followed the appreciating gold price which traded to a six week high towards month end. The latest round of resource quarterlies found favour with investors as the majority of doomsday scenarios touted were

Unit Price as at 31 January 2014

Application	\$1.8693
Redemption	\$1.8596
Fund Size	\$459 million
No. of stocks in portfolio	53

unfounded. The Small Resource Accumulation Index returned -1.1% outperforming their larger counterparts by 1.95% and the Small Industrials Accumulation index by 2.06%. Consumer discretionary stocks, chiefly retail names, took the brunt of the sell off as expectations of a buoyant Christmas and early January trading period look to have been over played. Super Retail Group and The Reject Shop shocked the market with weaker updates while JB Hi-Fi guided the market on first half and FY results, acting to steady a nervous market, if only momentarily. Investors await profit results through February with a 'weather eye' on revisions to second half FY14 expectations. The number of pre-result

Performance Statistics to 31 January 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	-3.48%	-4.87%	+5.47%	+2.83%	+16.44%
S&P/ASX Small Ordinaries Accumulation Index	-2.76%	-5.49%	-7.39%	-6.17%	+8.57%
Out performance	-0.72%	+0.62%	+12.86%	+9.00%	+7.87%

* Fund returns are calculated post fees.

confessions has been moderate versus previous years. Our cash weighting finished the month at around 6.5%.

Top 10 Stocks*

	Portfolio Weight
1 Platinum Asset Management	4.60%
2 DuluxGroup Limited	4.00%
3 IRESS Limited	3.93%
4 JB Hi-Fi Limited	3.85%
5 Super Retail Group Limited	3.50%
6 Fletcher Building Limited	3.28%
7 Ardent Leisure Group	3.10%
8 FlexiGroup Limited	2.86%
9 Skilled Group Limited	2.73%
10 GWA Group Limited	2.70%
Top 10 Stocks	34.55%
Other Stocks	59.52%
Cash	5.93%
Total	100%

*For the Small Companies Fund as at 31st December 2013

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being CSR (+10.19%), Fletcher Building (+9.83%) and Papillon Resources (+19.90%). The portfolio was overweight 5 of the index's bottom 10 performing stocks (by index point contribution) being Super Retail Group (-19.41%), JB Hi-Fi (-16.28%), The Reject Shop (-35.30%), Skilled Group (-16.18%) and Mermaid Marine Australia (-13.82%).

Portfolio Changes

Additions: Nil.

Deletions: Transfield Services (tactical).

Market Sector Exposure*

	Fund %
Materials	6.5%
Energy	2.7%
Industrials	25.3%
Consumer Disc	27.0%
Healthcare	0.8%
Consumer Staples	0.8%
Financials	22.5%
Information Tech	3.9%
Telecoms	2.4%
Utilities	0.4%
Property Trusts	1.8%
Cash	5.9%
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 February 2012	Recommended 2 nd Highest Rating
van Eyk	Rated Refer iRate

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