



Small Companies Fund

Monthly Report

July 2014

Portfolio Performance and Strategy

A vigorous rally in oversold mining service companies combined with renewed interest in resource names underscored a solid move in listed small caps during July. The Small Ordinaries Accumulation Index put on almost 5% for the month outperforming the top 100 accumulation index by 0.54%. Similarly, the Small Industrial and Resource Accumulation Index's outpaced their large cap counterparts by 0.27% and 1.34% respectively. This strong performance came even with the late selloff in the month as a combination of economic and geo political events – namely the Argentinian default, the continued Russian/Ukraine tensions and the continued fear of the US Fed raising rates sooner than expected. July, as usual, saw some companies pre report their results with a mixture of news. Magellan Financial

Unit Price as at 31 July 2014

Application	\$2.0094
Redemption	\$1.9990
Fund Size	\$476 million
No. of stocks in portfolio	56

Group announced that it had had net inflows intra month exceeding \$1.3Bn, seeing the stock price up ~7%. Even GWA Group that missed consensus numbers for the year rallied on talk of restructuring and a favourable cyclical backdrop. Healthscope re listed and marked Australia's largest IPO since 2010. It finishing the month +7.6% with solid local and offshore institutional support. The RBA maintained its accommodative stance keeping rates at the record low of 2.5%, with commentary suggesting no change in the foreseeable future. The reporting season will dictate investor sentiment through the month ahead. Our cash weighting finished the month at around 5.0%.

Performance Statistics to 31 July 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	+4.20%	+3.77%	+13.94%	+8.40%	+10.24%
S&P/ASX Small Ordinaries Accumulation Index	+4.91%	+3.83%	+8.07%	-1.83%	+2.64%
Out performance	-0.71%	-0.06%	+5.87%	+10.23%	+7.60%

* Fund returns are calculated post fees.

Top 10 Stocks*

	Portfolio Weight
1 iiNet Limited	3.96%
2 Ardent Leisure Group	3.94%
3 CSR Limited	3.28%
4 Macquarie Atlas Roads	3.16%
5 Independence Group NL	3.16%
6 Domino's Pizza Enterprises	3.14%
7 Platinum Asset Management	2.81%
8 IRESS Limited	2.80%
9 Sundance Energy Australia	2.73%
10 Sirius Resources NL	2.68%
Top 10 Stocks	31.66%
Other Stocks	63.07%
Cash	5.27%
Total	100%

*For the Small Companies Fund as at 30th June 2014.

Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being Oz Minerals (+13.69%), CSR (+8.31%), Sirius Resources (+21.30%) and FlexiGroup (+18.30%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Silex Systems (-44.83%) and Ardent Leisure (-4.80%)

Portfolio Changes

Additions: Healthscope (IPO), Magellan Financial Group (valuation) and Whitehaven Coal (company review).

Deletions: Silex Systems (company update), Super Retail Group (company update) and TradeMe (company update).

Market Sector Exposure*

	Fund %
Materials	15.2%
Energy	2.7%
Industrials	23.1%
Consumer Disc	16.5%
Healthcare	2.5%
Consumer Staples	2.2%
Financials	19.6%
Information Tech	3.8%
Telecoms	4.0%
Utilities	0.0%
Property Trusts	5.1%
Cash	5.3%
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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