



# Small Companies Fund

## Monthly Report

### March 2014

#### Portfolio Performance and Strategy

Concerns around slowing Chinese growth, the Russian occupation of Crimea, talk of rate rises in the US and actual rate rises in New Zealand preoccupied markets in March. The Eley Griffiths Group Small Companies Fund returned +0.01% net of fees for the month, and outperformed its benchmark by 1.17%. The weakness in the Small Ordinaries benchmark was led by the resources sector, with the Small Resources Accumulation Index retreating 6.1%. This was driven by falling underlying commodity prices caused by weaker Chinese data, which translated through to lower share prices. Several retailers came in for renewed buying interest with well received interim results from Kathmandu Holdings and Premier Investments. However the broader retail sector continued to struggle over the month despite some reasonable ABS data and

#### Unit Price as at 31 March 2014

Application	\$1.9779
Redemption	\$1.9676
Fund Size	\$477 million
No. of stocks in portfolio	54

underperforming in February. The IPO market remained busy but the failure of the Mantra and Sterling Childcare floats demonstrated that investors are becoming more selective post the December quarter crescendo. The market rewarded accretive acquisitions from a diverse grouping of corporates with 3 of the benchmark's top 5 performing stocks for March announcing deals. Building materials stocks, where your manager has a healthy overweight position, were buoyed by comments from the RBA and positive building approvals data. Our cash weighting finished the month at around 5.0%.

#### Performance Statistics to 31 March 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	+0.01%	+2.12%	+12.02%	+4.64%	+15.53%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	-1.16%	+0.89%	-1.46%	-5.33%	+8.76%
<b>Out performance</b>	<b>+1.17%</b>	<b>+1.23%</b>	<b>+13.48%</b>	<b>+9.97%</b>	<b>+6.77%</b>

\* Fund returns are calculated post fees.

## Top 10 Stocks\*

	Portfolio Weight
1 DuluxGroup Limited	4.14%
2 Platinum Asset Management	4.05%
3 IRESS Limited	4.00%
4 Ardent Leisure Group	3.69%
5 iiNet Limited	3.65%
6 Fletcher Building Limited	3.54%
7 Macquarie Atlas Roads	3.03%
8 Skilled Group Limited	3.03%
9 Domino's Pizza Enterprises	2.88%
10 FlexiGroup Limited	2.83%
<b>Top 10 Stocks</b>	<b>34.84%</b>
<b>Other Stocks</b>	<b>61.14%</b>
<b>Cash</b>	<b>4.02%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 28<sup>th</sup> February 2014.

## Attribution

The portfolio was overweight 1 of the index's top 10 performing stocks (by index point contribution) being CSR (+13.23%).

The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Seven West Media (-10.41%), and PanAust (-10.76%).

## Portfolio Changes

**Additions:** Automotive Holdings (tactical), Austal (company review ) and Vocus Communications (tactical).

**Deletions:** Perseus Mining (tactical), Steadfast Group (tactical) and Adelaide Brighton (ASX100 inclusion).

## Market Sector Exposure\*

	Fund %
Materials	10.3%
Energy	3.0%
Industrials	26.1%
Consumer Disc	20.3%
Healthcare	1.1%
Consumer Staples	1.7%
Financials	23.0%
Information Tech	4.0%
Telecoms	3.7%
Utilities	0.4%
Property Trusts	2.4%
Cash	4.0%
<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

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