



Small Companies Fund

Monthly Report

August 2014

Portfolio Performance and Strategy

Globally markets seemed bullet proof in August as fears of increasing interest rates in the US and military action in both the Middle East and the Ukraine could not dampen investor sentiment for equities. The Small Ordinaries Accumulation Index rallied almost 2.5% for the month, outperforming the top 100 accumulation index by ~1.85%. This positive momentum carried on from July with the benchmark returning 7.37% for the financial year to date, easily outpacing the top 100 Accumulation index returning just 4.89%. This outperformance in August was attributed to the Small Industrials, with Small Resources running out of steam after their strong performance over the last 4 months. Sentiment around large and small resource names was soured by the iron ore price falling over 8% intra month, dragging down the majority of names in

Unit Price as at 31 August 2014

Application	\$2.0485
Redemption	\$2.0378
Fund Size	\$481 million
No. of stocks in portfolio	56

their respective benchmarks. The Industrials strong performance came on the back of reporting season as individual results drove stock performance rather than macro news flow influencing sector trends. Companies that demonstrated a strong growth profile (ie. Dominos, Slater & Gordon and Ardent Leisure of which your manager is a holder) shone brightest. Organic growth continued to be elusive (as most results benefitted from 'cost outs' and not revenue). Record payout ratios were another positive theme of reporting season with investors happy to pay up for high yielding names. This was confirmed with both CBA and Challenger upsizing their hybrid offerings to meet investor

Performance Statistics to 31 August 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	+1.95%	+5.61%	+14.21%	+9.44%	+8.92%
S&P/ASX Small Ordinaries Accumulation Index	+2.34%	+6.17%	+7.49%	-0.17%	+1.85%
Out performance	-0.39%	-0.56%	+6.72%	+9.61%	+7.07%

* Fund returns are calculated post fees.

demand. Our cash weighting finished the month at around 7.0%.

Top 10 Stocks*

	Portfolio Weight
1 iiNet Limited	3.65%
2 CSR Limited	3.46%
3 Macquarie Atlas Roads	3.33%
4 Independence Group NL	3.31%
5 Ardent Leisure Group	3.23%
6 Sundance Energy Australia	3.15%
7 Sirius Resources NL	2.98%
8 IRESS Limited	2.92%
9 Domino's Pizza Enterprises	2.80%
10 FlexiGroup Limited	2.73%
Top 10 Stocks	31.56%
Other Stocks	63.23%
Cash	5.21%
Total	100%

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

Attribution

The portfolio was overweight 6 of the index's top 10 performing stocks (by index point contribution) being Dominos Pizza Enterprises (+18.77%), Slater & Gordon (+26.10%), Ardent Leisure (+21.32%), Magellan Financial Group (13.08%), IRESS (17.24%) and Whitehaven Coal (+15.84%). The portfolio was overweight 5 of the index's bottom 10 performing stocks (by index point contribution) being CSR (-7.41%), Seven West Media (-9.51%), Oz Minerals (-7.74%), Breville Group (-12.93%) and Platinum Asset Management (-6.70%).

Portfolio Changes

Additions: Super Retail Group (company review) and Lonestar Resources (company review).

Deletions: Henderson Group (ASX100 inclusion) and Gentrack (company update).

Market Sector Exposure*

	Fund %
Materials	17.4%
Energy	3.5%
Industrials	21.6%
Consumer Disc	18.2%
Healthcare	3.1%
Consumer Staples	2.1%
Financials	15.8%
Information Tech	4.3%
Telecoms	3.7%
Utilities	0.0%
Property Trusts	5.1%
Cash	5.2%
Total	100%

Eley Griffiths Group ratings

Rating Company	Rating
Morningstar September 2014	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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