



Small Companies Fund

Monthly Report

September 2014

Portfolio Performance and Strategy

The S&P ASX 200 index fell over 12% in US dollar terms for September as offshore investors continued to leave the Australian market in droves as the currency continued to find new lows. Global equities followed this lead and have just capped off the worst quarter of trade since the 2Q12 – at the peak of the Eurozone crisis – but in the face of this the US market logged its seventh consecutive quarterly gain. This global weakness in September came on the back of continued speculation of US rate rises and the ECB (whilst cutting rates to historic lows) was not seen to be doing enough to boost growth. This negative news, coupled with Chinese weakness saw the Australian dollar fall ~6.5% intra month and commodity prices follow suit. The iron ore price retraced 11.6% to a new 5 year low, while the gold price fell 6%, dragging down those commodity backed

Unit Price as at 30 September 2014

Application	\$1.9451
Redemption	\$1.9350
Fund Size	\$470 million
No. of stocks in portfolio	55

share prices. The Small Ordinaries Accumulation Index fell 5.5% for the month, tracking in line with the top 100 accumulation index that finished -5.4%. The benchmark stalled at a technical/resistance level (~2280) that has contained the small cap advance since April 2013. This negative performance was largely put down to the sell off in resources stocks where the small resource index returned -13.2% for the month. Mining service companies also fared poorly. Defensive companies offered a convenient funk hole with Telecommunications and REITs outperforming the broader Small Ords Index. Primary and secondary issuance and block trades continued albeit at a slower pace in the month just passed.

Performance Statistics to 30 September 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	-5.05%	+0.86%	+3.44%	+11.43%	+6.44%
S&P/ASX Small Ordinaries Accumulation Index	-5.47%	+1.49%	-0.07%	+1.71%	-0.28%
Out performance	+0.42%	-0.63%	+3.51%	+9.72%	+6.72%

* Fund returns are calculated post fees.

There were over 30 transactions announced during September greater than \$10m raising over \$2.4Bn. Your manager participated in the Regis Healthcare IPO which debuts on the ASX in early October. Our cash weighting finished the month at around 8.5%.

Top 10 Stocks*

	Portfolio Weight
1 Ardent Leisure Group	3.57%
2 IRESS Limited	3.42%
3 Macquarie Atlas Roads	3.21%
4 Independence Group NL	3.00%
5 iiNet Limited	2.92%
6 Cover-More Group Limited	2.87%
7 InvoCare Limited	2.85%
8 Domino's Pizza Enterprises	2.79%
9 Sundance Energy Australia	2.79%
10 Sirius Resources NL	2.76%
Top 10 Stocks	30.17%
Other Stocks	62.60%
Cash	7.23%
Total	100%

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

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being iiNet (+5.44%), Qube Holdings (+3.31%) and APN News & Media (+10.81%). The portfolio was overweight 7 of the index's bottom 10 performing stocks (by index point contribution) being Sirius Resources (-18.21%), PanAust (-14.85%), Super Retail Group (-12.06%), Whitehaven Coal (-13.42%), Macquarie Atlas roads Group (-12.20%), GWA Group (-15.74) and Independence Group (-13.06%).

Portfolio Changes

Additions: APN News & Media (company review), Regis Healthcare (IPO) and Vocation (company review).

Deletions: Aristocrat Leisure (ASX100 inclusion), BC Iron (company review), Papillon Resources (completion of takeover) and Seven West Media (company review).

Market Sector Exposure*

	Fund %
Materials	15.7%
Energy	4.3%
Industrials	21.1%
Consumer Disc	19.0%
Healthcare	3.7%
Consumer Staples	1.9%
Financials	15.2%
Information Tech	4.3%
Telecoms	2.9%
Utilities	0.0%
Property Trusts	4.7%
Cash	7.2%
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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