



# Small Companies Fund

## Monthly Report

### October 2014

#### Portfolio Performance and Strategy

Global markets rebounded back into the black for the month of October. This was led by strong data out of the US with the unemployment rate now sub 6% and the completion of QE by the Federal Reserve. While Japan shocked everyone by increasing the size of their QE program at month's end. This positive news was offset in part by weaker economic numbers out of China and Europe (especially Germany) and fears of ISIS attacks and an Ebola outbreak in Western countries, brought fear to some markets. With continued negative news flow out of China and minimal to no stimulus announced year to date, the iron ore price has continued to fall and has now fallen ~40% since the start of the year. While the Saudi's, defending market share, have cut the price of crude which has seen its price fall 10% intra month. These negative price moves

#### Unit Price as at 31 October 2014

Application	\$1.9528
Redemption	\$1.9427
Fund Size	\$471 million
No. of stocks in portfolio	54

saw the Energy and Materials sectors lead the Small Ordinaries Accumulation Index lower for the month. Although there was some positive performance from this sector with Independence Group (held by EGG) being the 6<sup>th</sup> best performer for the index for the month. The AGM season commenced with mixed tidings for the market. A number of stocks rallied strongly into their AGM only to see somewhat underwhelming commentaries provided. Listed wealth managers performed well in October on the back of firming offshore equity markets and improved fund flow data. Telecommunication names extended their gains for the year also, with M&A surfacing by month end (VOC bidding for AMM). Small company REIT's remained in

#### Performance Statistics to 31 October 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	+0.40%	-2.82%	+0.73%	+9.15%	+6.87%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	-0.54%	-3.79%	-3.26%	-1.01%	-0.15%
<b>Out performance</b>	<b>+0.94%</b>	<b>+0.97%</b>	<b>+3.99%</b>	<b>+10.16%</b>	<b>+7.02%</b>

\* Fund returns are calculated post fees.

demand. Primary and secondary issuance featured during the month as the Government went live on the IPO of Medibank Private. Our cash weighting finished the month at around 8.5%.

### Top 10 Stocks\*

	Portfolio Weight
1 IRESS Limited	3.70%
2 Ardent Leisure Group	3.63%
3 InvoCare Limited	3.52%
4 iiNet Limited	3.36%
5 Macquarie Atlas Roads	3.07%
6 Domino's Pizza Enterprises	2.92%
7 Qube Holdings Limited	2.86%
8 Sundance Energy Australia	2.59%
9 Slater & Gordon Limited	2.50%
10 Magellan Financial Group	2.47%
<b>Top 10 Stocks</b>	<b>30.62%</b>
<b>Other Stocks</b>	<b>60.74%</b>
<b>Cash</b>	<b>8.64%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 30<sup>th</sup> Sept 2014.

### Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being InvoCare (+10.49%), Independence Group (+11.82%), Platinum Asset Management (+8.42%) and Magellan Financial Group (+6.33%). The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being Super Retail Group (-11.79%), PanAust (-12.31%) and Whitehaven Coal (-11.40%).

### Portfolio Changes

**Additions:** APN Outdoor (IPO) and IPH (IPO).

**Deletions:** Asaleo Care (), JB HiFi (ASX100 inclusion) and Vocation (company update).

### Market Sector Exposure\*

	Fund %
Materials	17.4%
Energy	4.0%
Industrials	15.6%
Consumer Disc	19.9%
Healthcare	5.5%
Consumer Staples	1.3%
Financials	14.7%
Information Tech	4.6%
Telecoms	3.4%
Utilities	0.0%
Property Trusts	5.0%
Cash	8.6%
<b>Total</b>	<b>100%</b>

### Eley Griffiths Group ratings

Rating Company	Rating
<b>Morningstar</b> September 2014	<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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