



# Small Companies Fund

## Monthly Report

### November 2014

#### Portfolio Performance and Strategy

The Australian market traded lower during the month of November, which was in stark contrast to most of other major world indices (the S&P500 traded to new highs). Combine this with the Australian dollar losing 3.5%; the Small Ordinaries was down ~7% in US dollar terms for the month. This underperformance came on the back of continued falling commodity prices with the resources and energy sectors worst hit. The iron ore price continued to slide while OPEC entrapped the oil market, forcing the oil price into freefall by holding production quotas steady. The selloff in small resource names extended during November, with the Small Resources Index falling ~12% versus a ~2% retreat in Small Industrial stocks. Confidence in resources and mining services companies continued to ebb into the early days of December

#### Unit Price as at 30 November 2014

Application	\$1.8986
Redemption	\$1.8887
Fund Size	\$453 million
No. of stocks in portfolio	53

trading. The AGM season concluded with mixed tidings. Several companies massaged investor expectations such as Domino's, Qube and Ainsworth Gaming to name a few. Weaker data locally saw some economists entertaining rate cuts for 2015. This is consistent with a continued re-rating of yield names as investors pursued attractive yield opportunities. The primary and secondary market continued to be of focus with Medibank floating intra month. This was the 3<sup>rd</sup> largest float globally for CY2014 finishing the month at \$2.17, a win for both institutional and retail player alike. Our cash weighting finished the month at around 7.5%.

#### Performance Statistics to 30 November 2014

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	-2.78%	-7.32%	+0.81%	+9.10%	+6.27%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	-3.81%	-9.57%	-1.82%	-1.04%	-1.27%
<b>Out performance</b>	<b>+1.03%</b>	<b>+2.25%</b>	<b>+2.62%</b>	<b>+10.14%</b>	<b>+7.54%</b>

\* Fund returns are calculated post fees.

## Top 10 Stocks\*

	Portfolio Weight
1 InvoCare Limited	3.88%
2 IRESS Limited	3.69%
3 Ardent Leisure Group	3.59%
4 iiNet Limited	3.38%
5 Macquarie Atlas Roads	3.23%
6 Qube Holdings Limited	2.72%
7 Magellan Financial Group	2.63%
8 Slater & Gordon Limited	2.60%
9 Sundance Energy Australia	2.59%
10 Domino's Pizza Enterprises	2.52%
<b>Top 10 Stocks</b>	<b>30.83%</b>
<b>Other Stocks</b>	<b>60.21%</b>
<b>Cash</b>	<b>8.96%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> Oct 2014.

## Attribution

The portfolio was overweight 1 of the index's top 10 performing stocks (by index point contribution) being Magellan Financial Group (+10.49). The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being Sundance Energy (-39.91%), Qube Holdings (-12.24%) and Sirius Resources (-15.81%).

## Portfolio Changes

**Additions:** Amcom Telecommunications (company review), Medibank Private (IPO), Tpg Telecom (company review) and Veda Group (company review).

**Deletions:** Breville Group (company update), Flexigroup (ASX100 inclusion), PanAust (company update) and Whitehaven Coal (company review).

## Market Sector Exposure\*

	Fund %
Materials	15.8%
Energy	3.8%
Industrials	15.5%
Consumer Disc	19.8%
Healthcare	6.7%
Consumer Staples	0.5%
Financials	15.7%
Information Tech	4.8%
Telecoms	3.4%
Utilities	0.0%
Property Trusts	5.8%
Cash	8.2%
<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

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