



Small Companies Fund

Monthly Report

January 2015

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund returned +1.06% net of fees in January, outperforming the benchmark by +0.15%. Currency volatility and a lack of inflation in the developed world captivated markets in January. Europe took centre stage following the ECB's decision to commence a Euro 1.1Tn bond buying program, the size and breadth of which exceeded the market's expectation. So too did the Swiss National Bank's decision to end its policy of capping the Franc against the Euro in the days leading up to the announcement. Inflation prints globally continue to underwhelm, as growth remains elusive and oil prices continued their decline. As such, globally perceived 'safe-havens' in the form Bonds and the USD continued their outperformance. US 10-yr yields compressed a further 50bps to close 1.64%, while the DXY (a measure of

Unit Price as at 31 January 2015

Application	\$1.9434
Redemption	\$1.9333
Fund Size	\$455 million
No. of stocks in portfolio	53

the USD against the basket of other currencies) rallied a further 5% to 94. The best performers in Small Ordinaries benchmark were not surprisingly beneficiaries of these two themes. Magellan Financial Group and Platinum Asset Management, exposed to offshore markets and beneficiaries of a lower AUD were the biggest index point contributors (of which your managers holds). Yield names remained well bid, particularly REITs, in anticipation of further rates cuts (a 25bp cut was confirmed in early February). Small Resources outperformed the Small Industrial Accumulation Index by 3.59% for the month. This was driven largely by the \$200 per oz rally in the AUD gold price, sparking a sharp re-rating

Performance Statistics to 31 January 2015

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	+1.06%	-0.48%	+5.38%	+8.82%	+7.30%
S&P/ASX Small Ordinaries Accumulation Index	+0.91%	-2.49%	-0.18%	-1.60%	-0.30%
Out performance	+0.15%	+2.01%	+5.56%	+10.42%	+7.60%

* Fund returns are calculated post fees.

amongst the sector. Investors' attention now turns to the reporting season for a rundown on how companies have fared over the 1st half of the year and eagerly await their outlook for the coming half. Our cash weighting finished the month at around 11.5%.

Top 10 Stocks*

	Portfolio Weight
1 IRESS Limited	4.16%
2 InvoCare Limited	3.61%
3 iiNet Limited	3.54%
4 Macquarie Atlas Roads	3.53%
5 Fletcher Building Limited	3.45%
6 Slater & Gordon Limited	2.99%
7 Auckland Internat. Airport	2.91%
8 Magellan Financial Group	2.81%
9 Healthscope Limited	2.60%
10 Ardent Leisure Group	2.57%
Top 10 Stocks	32.17%
Other Stocks	57.17%
Cash	10.66%
Total	100%

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

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being Magellan Financial Group (+15.94%), Platinum Asset Management (+20.17%) and Independence Group (11.74%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being GWA Group (-11.07%) and Macquarie Atlas Roads Group (-7.81%).

Portfolio Changes

Additions: Burson Group (company review) and Mantra Group (company review).

Deletions: Nil.

Market Sector Exposure*

	Fund %
Materials	12.8%
Energy	0.4%
Industrials	16.1%
Consumer Disc	18.6%
Healthcare	7.7%
Consumer Staples	0.5%
Financials	13.2%
Information Tech	6.1%
Telecoms	6.8%
Utilities	0.0%
Property Trusts	7.1%
Cash	10.7%
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

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