



# Small Companies Fund

## Monthly Report

### February 2015

#### Portfolio Performance and Strategy

The S&P/ASX Small Ordinaries Accumulation index rose 8.43% in February, its best performance since July 2013. The benchmark eclipsed its large cap counterpart by 1.6%, while the Small Resource Accumulation index returned +10.9%, outperforming the Small Industrial Accumulation index by +2.9%. Resource stocks continued to find their feet locally in February on the back of rising oil and copper prices and the People's Bank of China (PBoC) cutting interest rates by 0.25%. This euphoria was not limited to the local market with benchmarks in Europe, the United States and New Zealand trading to all time highs during the month. This almost co-ordinated performance was due to a sell-off in bonds (reverting from January's move) and an impending start to QE in Europe. While cost out and capital management were the

#### Unit Price as at 28 February 2015

Application	\$2.0881
Redemption	\$2.0772

Fund Size	\$483 million
No. of stocks in portfolio	53

strongest themes for the ASX100 stocks during reporting season, the best performers in the Small Cap space came from those delivering on and sustaining their growth outlook. Beneficiaries of this theme were Dominos Pizza Enterprises and Mayne Pharma Group (of which your manager holds). While downgrades outpaced upgrades during the month, PE expansion drove the market higher. Risk was bid during reporting season as growth and previously unloved stocks shone brightest, whilst defensive names underperformed. ECM activity kept pace during reporting season with 19 deals > \$10m announced of which 5 were IPOs. Our cash weighting finished the month at around 9%.

#### Performance Statistics to 28 February 2015

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	+7.44%	+9.98%	+7.02%	+8.45%	+8.52%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	+8.43%	+9.93%	+3.11%	-1.01%	+1.42%
<b>Out performance</b>	<b>-0.99%</b>	<b>+0.05%</b>	<b>+3.91%</b>	<b>+9.46%</b>	<b>+7.10%</b>

\* Fund returns are calculated post fees.

## Top 10 Stocks\*

	Portfolio Weight
1 IRESS Limited	3.86%
2 Fletcher Building Limited	3.50%
3 InvoCare Limited	3.46%
4 Slater & Gordon Limited	2.93%
5 Platinum Asset Management	2.71%
6 Macquarie Atlas Roads Ltd	2.70%
7 Magellan Financial Group	2.68%
8 Auckland Inter. Airport Ltd	2.63%
9 iiNet Limited	2.51%
10 Technology One Limited	2.40%
<b>Top 10 Stocks</b>	<b>29.38%</b>
<b>Other Stocks</b>	<b>59.04%</b>
<b>Cash</b>	<b>11.58%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> Jan 2015.

## Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being Dominos Pizza Enterprises (+33.12%), Qube Holdings (+26.92%), Mayne Pharma Group (+48.00%) and Independence Group (11.74%). The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being iiNet (-12.53%), Ardent Leisure (-13.67%) and IRESS (-5.61%).

## Portfolio Changes

**Additions:** Steadfast Group (tactical) and Sirtex Medical (tactical).

**Deletions:** Ardent Leisure Group (company review) and Tassel Group (company review).

## Market Sector Exposure\*

	Fund %
Materials	13.1%
Energy	0.3%
Industrials	15.2%
Consumer Disc	17.9%
Healthcare	7.5%
Consumer Staples	0.5%
Financials	13.8%
Information Tech	6.2%
Telecoms	6.1%
Utilities	0.0%
Property Trusts	7.8%
Cash	11.6%
<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 2015	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
<b>Zenith</b> March 2015	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating

**DISCLAIMER:** This report was prepared by Eley Griffiths Group Pty Limited, AFSL No: 224818. This is general advice only and has been prepared without taking into account your particular objectives, financial circumstances and needs. Before making any decision based on this report, you should assess your own circumstances or consult a financial planner. You should obtain and consider a copy of the product disclosure statement relating to the Eley Griffiths Group Small Companies Fund, before acquiring the financial product. You may obtain a product disclosure statement from your financial planner. To the extent permitted by law, Fundhost Limited nor Eley Griffiths Group Pty Limited, its employees, consultants, advisers, officers and authorized representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this report.