



# Small Companies Fund

## Monthly Report

### May 2015

#### Portfolio Performance and Strategy

It was a volatile month for equities globally as German bond markets and Greece took centre stage. Offshore markets regained early losses as a global bond rout saw US Treasuries sell off in line with Eurozone bonds and prominent bond investor Bill Gross called German bonds 'the short of a lifetime'. The German 10yr bund yield rallied ~33% for the month and at one point was 51% above its intra month lows. Greece remained at the forefront of investors' thoughts as the fortunes of continued negotiations with their creditors fluctuated during May. The Small Ordinaries Accumulation Index had its 4th positive month for 2015 returning +2.35% and outperforming its large cap counterparts by ~2.1%. Intra month Janet Yellen, Chairwoman of the US Federal Reserve, confirmed the market's expectations proclaiming that the strong

#### Unit Price as at 31 May 2015

Application	\$2.1743
Redemption	\$2.1630
Fund Size	\$475 million
No. of stocks in portfolio	55

data printing in the US would lead to a rate hike in 2015. Locally, the Small Industrial names drove the index higher as the Resource names consolidated their run from April. Consumer confidence hit 6 month highs as the RBA cut rates to a record low of 2.0% and a benign budget buoyed spirits. The Small Industrials Accumulation Index returned 2.63% for the month outperforming the Small Resources Accumulation Index by ~1.5%, even though the iron ore price rose ~10% for May. The benchmark's best performers were stock specific stories like Sirius Resources (+30.7%), of which your manager is a holder, being bid for by Independence Group. The Macquarie Conference held in early May was in line

#### Performance Statistics to 31 May 2015

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	+1.72%	+4.13%	+12.10%	+12.62%	+9.13%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	+2.35%	+2.03%	+7.69%	+3.55%	+2.22%
<b>Out performance</b>	<b>-0.63%</b>	<b>+2.10%</b>	<b>+4.41%</b>	<b>+9.07%</b>	<b>+6.91%</b>

\* Fund returns are calculated post fees.

with expectations with almost no earnings surprises being announced. Our cash weighting finished the month at around 8%.

### Top 10 Stocks\*

	Portfolio Weight
1 Fletcher Building Limited	3.95
2 IRESS Limited	3.42
3 InvoCare Limited	3.36
4 iiNet Limited	2.94
5 Macquarie Atlas Roads	2.82
6 Slater & Gordon Limited	2.82
7 Veda Group Limited	2.47
8 Domino's Pizza Enterprises	2.4
9 Healthscope Limited	2.31
10 Technology One Limited	2.28
<b>Top 10 Stocks</b>	<b>28.77%</b>
<b>Other Stocks</b>	<b>61.21%</b>
<b>Cash</b>	<b>10.02%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 30<sup>th</sup> April 2015.

### Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being Sirius Resources (+30.69%), BWP Trust (+8.88%), Dominos Pizza Enterprises (5.68%) and Super retail Group (+8.30%). The portfolio was overweight 4 of the index's bottom 10 performing stocks (by index point contribution) being Independence Group (-17.80%), Nine Entertainment Company Holdings (-7.33%), Slater & Gordon (-16.03%) and APN News & Media (-10.11%).

### Portfolio Changes

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**Additions:** AWE (tactical), Evolution Mining (company review), Iselect (tactical) SAI Global (company review) and Sandfire Resources (company review).

**Deletions:** Amcom Telecommunications (company review), CSR (ASX100), Magellan Financial Group (ASX100), OZ Minerals (company review) and Western Areas (company review).

### Market Sector Exposure\*

	Fund %
Materials	11.6%
Energy	0.0%
Industrials	14.2%
Consumer Disc	22.0%
Healthcare	11.0%
Consumer Staples	0.0%
Financials	13.6%
Information Tech	5.8%
Telecoms	5.3%
Utilities	0.0%
Property Trusts	6.5%
Cash	10.0%
<b>Total</b>	<b>100%</b>

### Eley Griffiths Group ratings

Rating Company	Rating
<b>Morningstar</b> March 2015	<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