



# Small Companies Fund

## Monthly Report

### July 2015

#### Portfolio Performance and Strategy

Macro news flow dominated trading in July, as the majority of local companies went into 'blackout' before the August reporting season. Global equity markets managed to post gains, though it was U.S. and European markets which did the heavy lifting, as emerging markets, particularly China, underperformed. European markets rallied as the Greek government, although receiving an overwhelming no vote to austerity, accepted Europe's terms for a bailout. While the US market edged higher in the face of impending higher rates. Locally, lower bond yields and Australian dollar drove the index's positive performance for the month. The Eley Griffiths Group Smaller Companies Fund started the new financial year well, outperforming its benchmark (the Small Ordinaries Accumulation Index, 'XSOAI') by ~2.6%

#### Unit Price as at 31 July 2015

|             |          |
|-------------|----------|
| Application | \$1.9190 |
| Redemption  | \$1.9090 |

|                            |               |
|----------------------------|---------------|
| Fund Size                  | \$425 million |
| No. of stocks in portfolio | 54            |

after fees. Small Resources underperformed Small Industrials for the 3<sup>rd</sup> straight month (-9.0% v +3.7%) as commodities again came under selling pressure. Brent Oil was down 21% and Iron Ore fell 10% for July, while base metals traded to lows not seen since 2009. Mining service names fell in sympathy. It seems July was the month of recovery for a number of small cap ne'er-do-wells. Ten Network, Pacific Brands, Sigma, Collins Foods and STW Communications all found solid buying support, rallying nicely from depressed levels. As the market now looks towards the upcoming reporting season, the lack of pre-reporting from companies suggests that consensus earnings will be achieved, with share price

#### Performance Statistics to 31 July 2015

|  | 1 Month<br>%  | 3 Month<br>%  | 1 Year<br>%   | 3 Year<br>% p.a. | 5 Year<br>% p.a. |
|--|---------------|---------------|---------------|------------------|------------------|
| <b>EGG Small Companies Fund</b>                        | +4.15%        | -1.34%        | +4.95%        | +10.91%          | +8.17%           |
| <b>S&amp;P/ASX Small Ordinaries Accumulation Index</b> | +1.56%        | -4.13%        | -2.77%        | +3.05%           | +0.63%           |
| <b>Out performance</b>                                 | <b>+2.59%</b> | <b>+2.79%</b> | <b>+7.72%</b> | <b>+7.86%</b>    | <b>+7.54%</b>    |

\* Fund returns are calculated post fees.

direction likely dictated by outlook statements for the coming 6 months. Our cash weighting finished the month at around 9%.

### Top 10 Stocks\*

|                             | Portfolio Weight |
|-----------------------------|------------------|
| 1 IRESS Limited             | 3.60%            |
| 2 Macquarie Atlas Roads     | 3.38%            |
| 3 InvoCare Limited          | 3.29%            |
| 4 Fletcher Building Limited | 3.20%            |
| 5 iiNet Limited             | 2.96%            |
| 6 Platinum Asset Mgt Ltd    | 2.84%            |
| 7 Veda Group Limited        | 2.74%            |
| 8 Qube Holdings Limited     | 2.41%            |
| 9 BT Investment Management  | 2.36%            |
| 10 Technology One Limited   | 2.32%            |
| <b>Top 10 Stocks</b>        | <b>29.10%</b>    |
| <b>Other Stocks</b>         | <b>58.43%</b>    |
| <b>Cash</b>                 | <b>12.47%</b>    |
| <b>Total</b>                | <b>100%</b>      |

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

### Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being Veda Group (+10.36%), InvoCare (+11.65%), BWP Trust (10.13%) and Mayne Pharma Group (+18.78%). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being Sirius Resources (-9.70%).

### Portfolio Changes

**Additions:** Collins Foods (company review) and SG Fleet Group (company review).

**Deletions:** OzForex (company review).

### Market Sector Exposure\*

|                  | Fund %      |
|------------------|-------------|
| Materials        | 9.9%        |
| Energy           | 1.1%        |
| Industrials      | 15.9%       |
| Consumer Disc    | 17.6%       |
| Healthcare       | 11.0%       |
| Consumer Staples | 0.0%        |
| Financials       | 14.9%       |
| Information Tech | 5.9%        |
| Telecoms         | 4.9%        |
| Utilities        | 0.0%        |
| Property Trusts  | 6.3%        |
| Cash             | 12.5%       |
| <b>Total</b>     | <b>100%</b> |

### Eley Griffiths Group ratings

| Rating Company                   | Rating   |
|----------------------------------|--|
| <b>Morningstar</b><br>March 2015 | <b>Silver</b><br>2 <sup>nd</sup> Highest Rating      |
| <b>Lonsec</b><br>February 2015   | <b>Recommended</b><br>2 <sup>nd</sup> Highest Rating |
| <b>Zenith</b><br>March 2015      | <b>Recommended</b><br>2 <sup>nd</sup> Highest Rating |

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