



# Small Companies Fund

## Monthly Report

### September 2015

#### Portfolio Performance and Strategy

A noxious cocktail of weakening Chinese data coupled with Fed inaction on interest rates led global markets lower in September. Volatility was at heightened levels, with the ASX200 gyrating >1% for 13 of the 21 sessions during the month. Despite the volatility, the Eley Griffiths Group Small Companies Fund returned +1.84% post fees, outperforming the benchmark by ~2.4%. The Small Ordinaries Accumulation Index continued its outperformance of the ASX100 in September by ~2.5%. Once again it was weakness amongst the banks that led to the majority of the outperformance as offshore hedge funds continued to 'short' the sector. Noteworthy themes for the month included the market's insatiable appetite for stocks in the health and wellness category benefiting from strong export/Chinese demand growth (e.g.

#### Unit Price as at 30 September 2015

Application	\$1.8789
Redemption	\$1.8692

Fund Size	\$401million
No. of stocks in portfolio	58

Bellamy's +41%, Blackmores +40% and Vitaco +30%). Australian-domiciled gold producers were back in favour amongst local and offshore investors as the Fed held rates and volatility reigned. On the M&A front, Veda Group (a Top 10 EGG holding) was approached by global peer Equifax, continuing the theme that Australia is 'on sale' with the lower currency. September also played witness to Australia's 5<sup>th</sup> Prime Minister in 5 years. The change of leadership has had an instantaneous effect on business confidence. 16 deals >\$10m were announced; the majority being private equity sell downs of IPO stock coming off escrow. Our cash weighting finished the

#### Performance Statistics to 30 September 2015

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
<b>EGG Small Companies Fund</b>	1.84%	1.98%	6.16%	+5.56%	+6.87%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	-0.53%	-3.90%	-4.90%	-2.54%	+0.41%
<b>Out performance</b>	<b>+2.37%</b>	<b>+5.88%</b>	<b>+11.06%</b>	<b>+8.10%</b>	<b>+6.46%</b>

\* Fund returns are calculated post fees.

month at around 7%, which we have carefully deployed as opportunities arose.

### Top 10 Stocks\*

	Portfolio Weight
1 Macquarie Atlas Roads Grp.	3.74%
2 IRESS Limited	3.69%
3 InvoCare Limited	2.92%
4 Fletcher Building Limited	2.82%
5 Sirtex Medical Limited	2.47%
6 BWP Trust	2.41%
7 Platinum Asset Management	2.40%
8 Veda Group Limited	2.35%
9 SAI Global Limited	2.28%
10 Mayne Pharma Group Ltd	2.27%
<b>Top 10 Stocks</b>	<b>27.35%</b>
<b>Other Stocks</b>	<b>62.19%</b>
<b>Cash</b>	<b>10.46%</b>
<b>Total</b>	<b>100%</b>

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

### Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being Veda Group (+27.75%), Macquarie Atlas Roads Group (+13.74%), Mantra Group (+17.30%) and Regis Resources (+22.68%). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being AWE (-33.33%).

### Portfolio Changes

**Additions:** Blackmores (company review), EBOS (company review), Independence Group (takeover completed) and Vitaco (IPO).

**Deletions:** Sirius Resources (takeover completed).

### Market Sector Exposure\*

	Fund %
Materials	9.6%
Energy	0.7%
Industrials	15.8%
Consumer Disc	18.5%
Healthcare	12.4%
Consumer Staples	0.5%
Financials	13.9%
Information Tech	6.3%
Telecoms	4.4%
Utilities	0.0%
Property Trusts	7.4%
Cash	10.5%
<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

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