



Small Companies Fund

Monthly Report

October 2015

Portfolio Performance and Strategy

Global share markets enjoyed their strongest one-month rally in four years as monetary policy machinations continue to dictate the short term trajectory. A December rate hike in the US is 'live' again, while the EU, the BoJ, RBNZ and RBA position investors for further interest rate easing. The PBoC (China) went one step further and announced further cuts to cash rates and Reserve Ratio Requirements (RRR) for its banking sector. Locally, the Small Ordinaries Accumulation Index kept pace with the strong offshore performance, returning +7.12% and outperforming the ASX100 by ~3% (+5.7% YTD). Noteworthy themes included the snap-back rally in resource names, with energy (+19.9%) and materials (+11.9%) the best performing sectors. Momentum continues to be rewarded, with popular themes such as

Unit Price as at 31 October 2015

Application	\$1.9909
Redemption	\$1.9806

Fund Size	\$422 million
No. of stocks in portfolio	57

health & wellness (e.g vitamins, infant formula) and lower AUD beneficiaries (eg. inbound tourism, local gold producers) well supported. Those that missed expectations were dealt with severely; Dick Smith (-46%) and Capitol Health (-31%) among them. Select building stocks enjoyed a resurgence from oversold levels, including long-held EGG names Fletcher Building (+13.5%) and Dulux Group (+10.3%). October saw ECM activity continue at feverish pace with 21 deals >\$10m completed during the month. Your manager participated in the long awaited ~\$950m IPO of Link Administration; the stock finishing +11.9%. Our cash weighting finished the month at ~6.5%.

Performance Statistics to 31 October 2015

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	5.96%	3.75%	12.04%	+6.23%	+7.60%
S&P/ASX Small Ordinaries Accumulation Index	7.12%	1.36%	2.43%	-1.83%	+1.49%
Out performance	-1.16%	+2.39%	+9.61%	+8.06%	+6.11%

* Fund returns are calculated post fees.

Top 10 Stocks*

	Portfolio Weight
1 Macquarie Atlas Roads	4.24%
2 Mantra Group Limited	3.97%
3 IRESS Limited	3.34%
4 Veda Group Limited	2.99%
5 Fletcher Building Limited	2.84%
6 InvoCare Limited	2.72%
7 TPG Telecom Limited	2.63%
8 Platinum Asset Management	2.39%
9 BWP Trust	2.35%
10 SAI Global Limited	2.35%
Top 10 Stocks	29.82%
Other Stocks	62.91%
Cash	7.27%
Total	100%

*For the Small Companies Fund as at 30th Sept 2015

Attribution

The portfolio was overweight 5 of the index's top 10 performing stocks (by index point contribution) being Sirtex Medical (+16.22%), BT Investment Management (+19.35%), Fletcher Building (+13.50%), APN Outdoor Group (+24.42%) and Aveo Group (+14.93%). The portfolio was overweight none of the index's bottom 10 performing stocks.

Portfolio Changes

Additions: Aventus Retail Property Fund (IPO), Link Administration Holdings (IPO), and Premier Investments (company review).

Deletions: AWE (company review), Charter Hall Retail REIT (tactical), National Storage REIT (company review) and Northern Star Resources (company review).

Market Sector Exposure*

	Fund %
Materials	9.1%
Energy	0.3%
Industrials	17.5%
Consumer Disc	21.1%
Healthcare	12.4%
Consumer Staples	1.5%
Financials	13.3%
Information Tech	6.5%
Telecoms	4.0%
Utilities	0.0%
Property Trusts	7.0%
Cash	7.3%
Total	100%

Eley Griffiths Group ratings

Rating Company	Rating
Morningstar March 2015	Silver 2 nd Highest Rating
Lonsec February 2015	Recommended 2 nd Highest Rating
Zenith March 2015	Recommended 2 nd Highest Rating

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