



Small Companies Fund

Monthly Report

January 2016

Portfolio Performance and Strategy

Ongoing oil price volatility as well as changes to the expected trajectory of interest rates in the US ensured a volatile start to 2016. Market expectations of four interest rate hikes were quickly quashed, as oil lost 20% intra-month, fears of a 'one-off' devaluation of the Chinese Yuan grew, and the Bank of Japan surprised the market with a move to 'negative' interest rates. The rally in global bond markets as a consequence was sizeable enough to unsettle equity market sentiment. Despite the backdrop, the Eley Griffiths Group Small Companies Fund outperformed its benchmark. Whilst January trading activity tends to be thin, it is rarely uneventful. Poor execution into and over the key Christmas period often brings a retailer or two unstuck; this year it was Lovisa, Godfrey's and Dick Smith's turn (the latter appears more ominous). So too a time for

Unit Price as at 31 January 2016

Application	\$2.0125
Redemption	\$2.0015
Fund Size	\$390 million
# of stocks in portfolio	56

management change, which we witnessed at Austal and Fantastic Holdings. Then there was Shine, the listed legal firm, brought undone by revisions to accounting policies to go with a decline in the core business. The news wasn't all bad though. Private health insurer Medibank, whilst not a 'small cap', but still an EGG holding (by virtue of its November 2014 IPO), delivered a ~27% upgrade to full year earnings expectations. Despite a seemingly tougher revenue outlook, with government seeking to reduce premium increases, better claims management has yielded a significant step up in profitability. Our cash weighting finished the month at 7.5% ahead of February reporting season.

Performance Statistics to 31 January 2016

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	-4.29%	1.07%	13.79%	+5.45%	+6.99%
S&P/ASX Small Ordinaries Accumulation Index	-5.11%	-1.38%	3.59%	-3.10%	+0.53%
Outperformance	0.82%	+2.45%	+10.20%	+8.55%	+6.46%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month;	Our biggest detractors for the month;
1. Collins Foods	1. Austal
2. Medibank Private	2. Independence Group
3. Saracen Mineral Holdings	3. iSelect

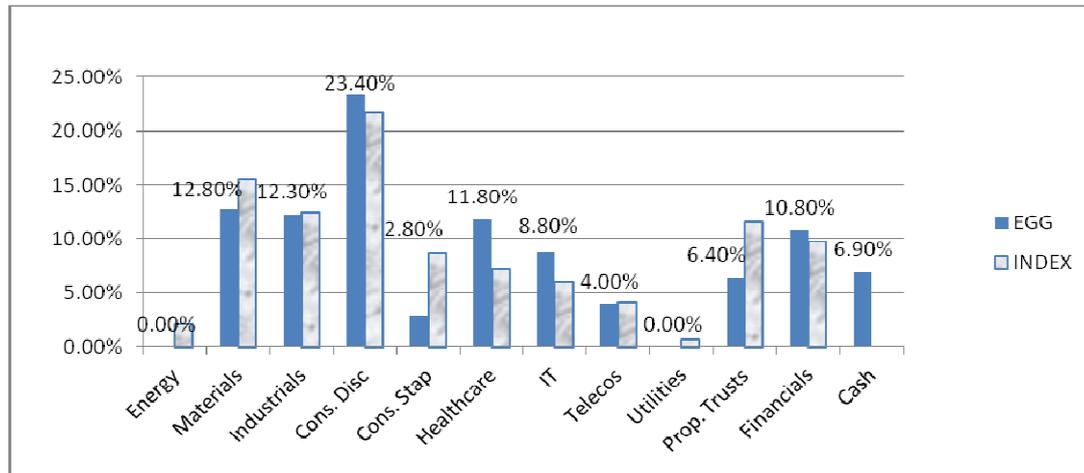
* In alphabetical order, as at 31 Jan

Top 10 Holdings*

Name	Industry
1. APN Outdoor Group Limited	Consumer Discretionary
2. Astro Japan Property Group	REITs
3. Burson Group Limited	Consumer Discretionary
4. Fletcher Building Limited	Materials
5. IRESS Limited	Information Technology
6. Macquarie Atlas Roads Group	Industrials
7. Mantra Group Limited	Consumer Discretionary
8. Mayne Pharma Group Limited	Healthcare
9. Technology One Limited	Information Technology
10. Trade Me Group Limited	Consumer Discretionary

* In alphabetical order, as at 31 Jan

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

Morningstar March 2015 Zenith March 2015	Silver 2 nd Highest Rating Recommended 2 nd Highest Rating	Lonsec February 2015	Recommended 2 nd Highest Rating http://eleygriffiths.com.au/news-reports/
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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.

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