



Small Companies Fund

Monthly Report

September 2016

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund returned 0.20% in September. Macro data dominated yet again as the spotlight remains on central bankers. Odds for a December rate hike in the US continue to tighten while the ECB and BOJ signaled slight changes in tack. As a consequence, the underperformance of “bond proxy” names continued, with Utilities (-6.0%), Telco’s (-3.6%) & REITs feeling the brunt with a rate hike in the US seemingly *fait accompli*. Energy was the best performing sector (+8%), with Oil rallying on news that OPEC had agreed (temporarily at least) to cap production at around current levels. In fact supply-side intervention is becoming evident across the commodity spectrum. Coal is the best example of this, with prices (thermal +60% ytd) benefitting from China’s 276-day operating policy (curbing overcapacity) and desire to shift profitability

Unit Price at 30 September 2016

Application	\$2.3200
Redemption	\$2.3073
Fund Size	\$460 million
# stocks held	59

back to the mine gate. Such has been the impact; we’re already starting to see a softening of this stance. Nickel (+7.5% for the month) saw supply risks escalate as the Philippines Government threatens to shut as much as 10% of global supply (~200kt) of Ni ores on social and environmental grounds. Our best attributing stocks for September were Independence Group (on the nickel thematic) as well as ‘off-cycle’ reporters Sigma Pharmaceutical and Nufarm, both of whom delivered results ahead of market expectations and foresee better times ahead. Reviewing the swathe of IPO candidates slated for December quarter listings will ensure a busy October period.

Performance Statistics to 30 September 2016

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+0.20%	+7.08%	+29.37%	+13.70%	+7.64%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+1.53%	+8.50%	+29.16%	+5.27%	+1.43%
Outperformance	-1.33%	-1.42%	+0.21%	+8.43%	+6.21%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month;		Our biggest detractors for the month;	
1. Independence Group		1. Ausdrill Limited	
2. Nufarm Limited		2. Macquarie Atlas Roads Group	
3. Sigma Pharmaceutical		3. Tegel Group Holdings	

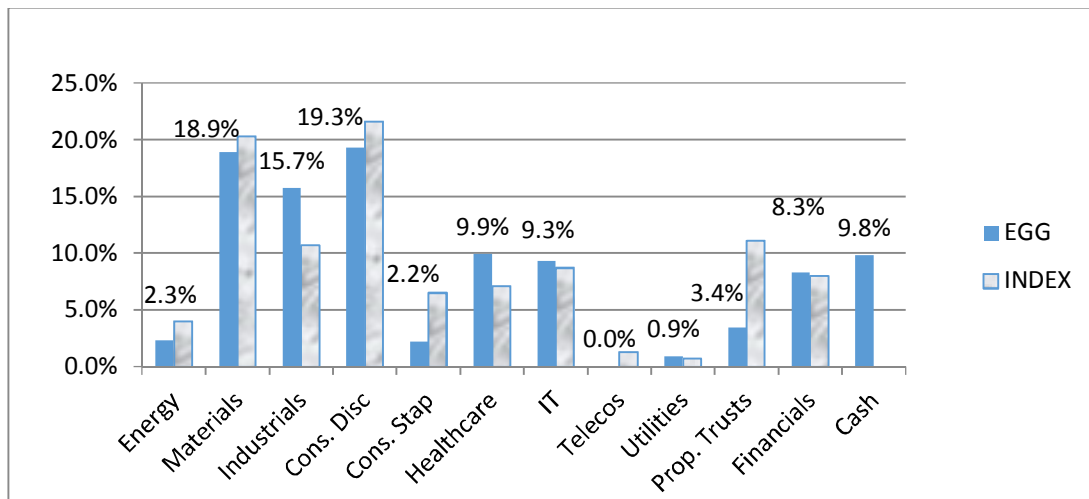
* In alphabetical order, as at 30 September

Top 10 Holdings*

Name	Industry
1. Bapcor	Consumer Discretionary
2. Ebos Group	Healthcare
3. Fletcher Building	Materials
4. Independence Group	Materials
5. IRESS	Information Technology
6. Macquarie Atlas Roads Group	Industrials
7. Mayne Pharma	Healthcare
8. Nufarm	Materials
9. Steadfast Group	Financials
10. Trade Me Group	Consumer Discretionary

* In alphabetical order, as at 30 September

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

Morningstar March 2015	Silver 2 nd Highest Rating	Lonsec January 2016	Recommended 2 nd Highest Rating
Zenith February 2016	Recommended 2 nd Highest Rating	http://eleygriffiths.com.au/news-reports/	

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