



Small Companies Fund

Monthly Report

November 2016

Portfolio Performance and Strategy

2016 has taught you to expect the unexpected. A Trump victory and all four major US indices reaching record highs during November was foreshadowed by few. What has been evident though for a few months at least, and boosted by a looming Trump Presidency, is that high expectations for sustained 'lowflation' have been replaced by the prospect of 'reflation.' Global PMIs across both Emerging and Developing Markets have accelerated since August whilst 'bond proxy' names have sold off progressively since July. US 10-year yields have retreated >1% from the 1.35% July low (including 56bps during November) and the trajectory of the curve has steepened. We are increasingly of the view that a significant market rotation is upon us and have tilted the portfolio accordingly, adding to Materials and Energy names (where the upgrade cycle

Unit Price at 30 November 2016

Application	\$2.1407
Redemption	\$2.1290
Fund Size	\$433 million
# stocks held	57

has just commenced) and other cyclical exposures (i.e. those most likely to benefit from a change in inflation and growth expectations). The Small Companies Fund (SCF) returned -2.03% in November. Key contributors to the portfolio were Sims Metal Management (SGM), on rising input prices for steel (iron ore and coking coal) boosting the attractiveness (demand and price) of scrap; A2 Milk (A2M) on earnings upgrades and Collins Foods (CKF), which re-rated on a KFC store portfolio acquisition in Germany and potential for a multi-year rollout story ahead. We didn't survive the AGM season completely unscathed, but managed to navigate much of the carnage.

Performance Statistics to 30 November 2016

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	-2.03%	-7.54%	+10.29%	+11.01%	+5.64%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-1.19%	-4.42%	+13.51%	+3.22%	-0.24%
Outperformance	-0.83%	-3.12%	-3.21%	+7.79%	+5.88%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month; Our biggest detractors for the month;

- | | |
|--------------------------|----------------------------|
| 1. The A2 Milk Company | 1. CSG |
| 2. Collins Foods | 2. Isentia Group |
| 3. Sims Metal Management | 3. GR Engineering Services |

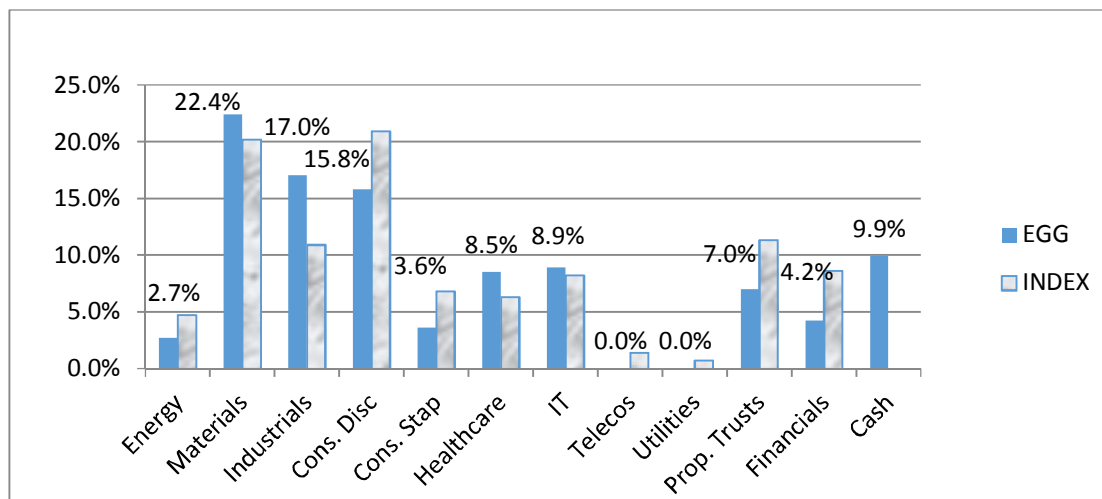
* In alphabetical order, as at 30 November

Top 10 Holdings*

Name	Industry
1. The A2 Milk Company	Consumer Staples
2. Cleanaway Waste Management	Industrials
3. Ebos Group	Healthcare
4. Fletcher Building	Materials
5. Independence Group	Materials
6. IRESS	Information Technology
7. Nufarm	Materials
8. Premier Investments	Consumer Discretionary
9. Sims Metal Management	Materials
10. Sigma Pharmaceuticals	Healthcare

* In alphabetical order, as at 30 November

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

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