

Small Companies Fund

Monthly Report

January 2017

Portfolio Performance and Strategy

January is not a month upon which to extrapolate too far ahead. It was pleasing though to outperform the market, albeit it only modestly (0.07%) to start 2017. Our overweight Materials position assisted, with metal prices generally firmer. Copper producer Sandfire Resources (+17%) and mining services firm Ausdrill (+11%) were among the portfolio's chief beneficiaries. Nickel was the exception, after the Indonesian government allowed a relaxation of its January 2014 nickel ore (bauxite as well) export ban, crueiling holdings in Independence Group (-13%) and Western Areas (-20%). What you can rely on in January is a downgrade or two; this year proving no exception. Former 'market darling' Aconex (-40%) delivered the short sellers a significant scalp after downgrading a second time in FY17. The country's largest IVF provider, Virtus Health

Unit Price at 31 January 2017

Application	\$2.1320
Redemption	\$2.1203
Fund Size	\$434 million
# stocks held	59

(-18%) was another. Thankfully we dodged both. Corporate activity was unsurprisingly sparse, although Bega's (not owned) acquisition of the Vegemite brand (among others) was notable. Whilst optically highly accretive (debt funded) to shareholders, we fear it may have come at the expense of the balance sheet which resembles gearing levels more befit of Private Equity. The prospect of coordinated 'above-trend growth' across Emerging and Developed Markets we believe is yet to be fully captured by the equity market. The market rotation we've described in prior Monthly Reports has arrived and while it's likely to be volatile going forward, market positioning continues to lag.

Performance Statistics to 31 January 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	-2.37%	-2.43%	+11.01%	+10.23%	+5.07%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-2.44%	-0.13%	+16.35%	+2.81%	-0.71%
Outperformance	+0.07%	-2.30%	-5.34%	+7.42%	+5.78%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month;	Our biggest detractors for the month;
1. Ausdrill	1. Cleanaway Waste Management
2. OceanaGold Corporation	2. HFA Holdings
3. Sandfire Resources	3. Independence Group

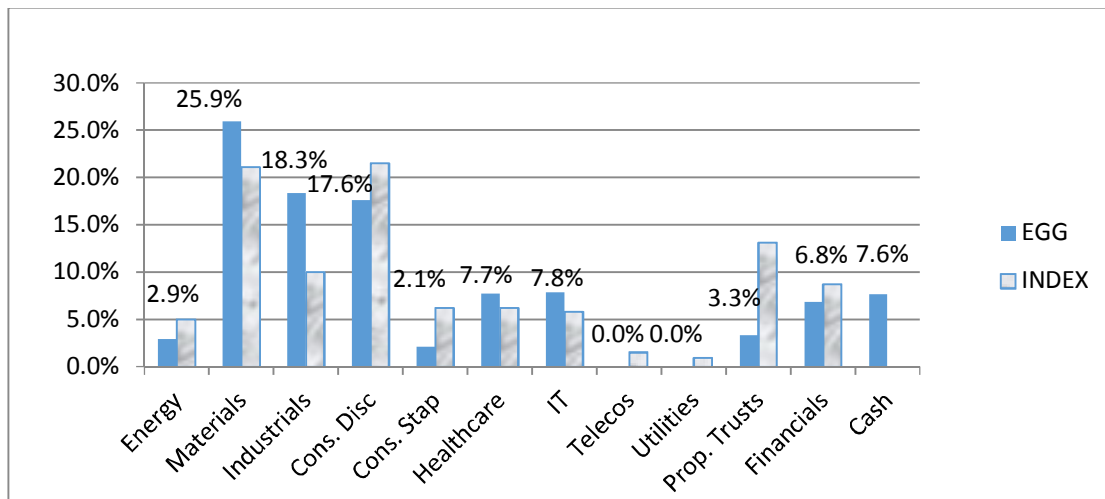
* In alphabetical order, as at 31 January

Top 10 Holdings*

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

* In alphabetical order, as at 31 January

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

Morningstar October 2016 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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