



# Small Companies Fund

## Monthly Report

### February 2017

#### Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund returned -1.50% in February. Reporting season is invariably all about expectations. The condensed and intense nature of it ensures it is rarely 'smooth-sailing,' where share price reactions (up and down), irrespective of valuation, are often disproportionate to the (new) information presented. For example, significant share price rallies in capital-exposed service providers like Seven Group Holdings (+34%) and Monadelphous (+21%) was on the cessation of bad news as much as signs of prosperity emerging. EPS revisions on the whole were modest (-1% for Small Industrials), slightly better than previous periods. To put it simply, we didn't have enough stocks in the 'upgrade' camp over February. Furthermore, a handful of consumer-facing names hit an 'air-pocket' in January and disappointed with current trading statements. The Fund

#### Unit Price at 28 February 2017

<b>Application</b>	\$2.1000
<b>Redemption</b>	\$2.0885
<b>Fund Size</b>	\$429 million
<b># stocks held</b>	59

was impacted by sell-offs in Ardent Leisure and RCG Corporation, who both flagged a soft start to 2017. The Fund is well placed with its cyclical exposures; Cleanaway, RCR Tomlinson and Sims Metals were the portfolio's major beneficiaries in February. An uptick in corporate manoeuvring, which has continued into March, is also noteworthy. The Fund benefited from Dubai-based engineering firm, Dar Group's orchestrated after-market raid on Worley Parsons and millennial payments company Afterpay seeking to merge with its major shareholder and technology partner, Touchcorp. We emerge from reporting season armed with fresh information and new portfolio ideas which we expect to drive returns over the coming period.

#### Performance Statistics to 28 February 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
<b>EGG Small Companies Fund</b>	-1.50%	-1.91%	+8.45%	+8.12%	+4.77%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index (XSOAI)</b>	+1.31%	+2.40%	+16.77%	+1.78%	-0.70%
<b>Outperformance</b>	<b>-2.81%</b>	<b>-4.31%</b>	<b>-8.32%</b>	<b>+6.34%</b>	<b>+5.47%</b>

\* Fund returns are calculated post fees.

## Attribution\*

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

- |                               |                           |
|-------------------------------|---------------------------|
| 1. Cleanaway Waste Management | 1. Ardent Leisure Group   |
| 2. RCR Tomlinson              | 2. Isentia Group          |
| 3. Sims Metal Management      | 3. OceanaGold Corporation |

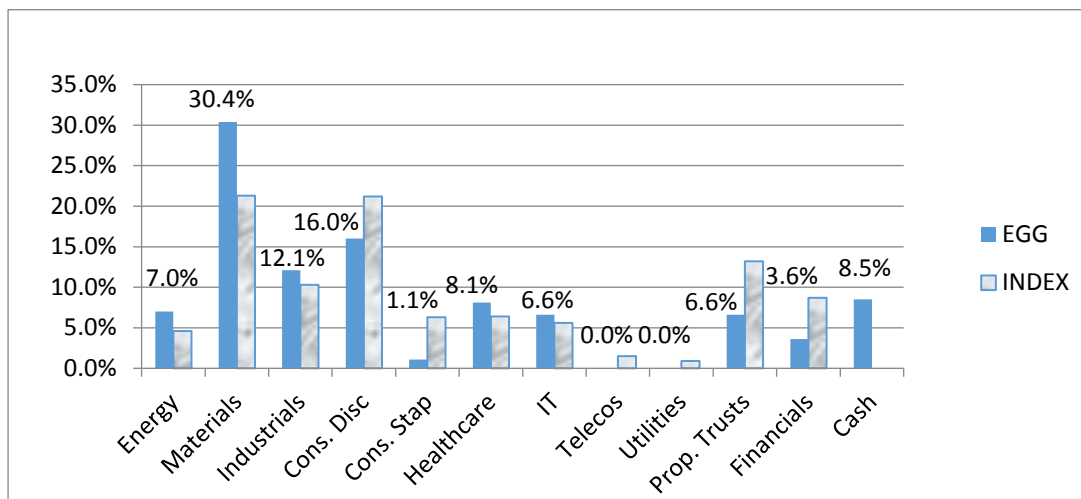
\* In alphabetical order, as at 28 February

## 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. Pact Group Holdings	Materials
8. Premier Investments	Consumer Discretionary
9. Sims Metal Management	Materials
10. Sigma Pharmaceuticals	Healthcare

\* In alphabetical order, as at 28 February

## Eley Griffiths Group Small Companies Fund by Sector



## Eley Griffiths Group Ratings

<b>Morningstar</b> October 2016 <b>Zenith</b> February 2017	<b>Silver</b> 2 <sup>nd</sup> Highest Rating <b>Recommended</b> 2 <sup>nd</sup> Highest Rating	<b>Lonsec</b> February 2017 <a href="http://eleygriffiths.com.au/news-reports/">http://eleygriffiths.com.au/news-reports/</a>	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
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