



# Small Companies Fund

## Monthly Report

### March 2017

#### Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund returned -0.25% for the month. March can be best characterised by what we didn't own above all else. Our sizeable overweight Materials position (the majority of which are Resource stocks) was a headwind (-3.8% in March), not helped by the strong performance of several industrial names which collectively were up over 4%. Such moves can occur on a month-to-month basis and as such, we remain unperturbed. 'Off-cycle' reporters (and disclosed Top 10 Holdings in the Small Companies Fund) Nufarm (+9.6%), Sigma Pharmaceuticals (+9.8%) and Premier Investments (+6.5%) all found favour with the market and contributed significantly to portfolio returns. The Fund was impacted by Fletcher Building's *mea culpa* on the performance of its Construction division, which was disappointing not least for the

#### Unit Price at 31 March 2017

<b>Application</b>	\$2.0946
<b>Redemption</b>	\$2.0831
<b>Fund Size</b>	\$429 million
<b># stocks held</b>	59

fact the admission came so soon after the 1H17 result. As alluded to in previous Monthly Reports, we are witnessing an uptick in corporate activity, some which has raised a few eyebrows. Downer EDI bidding for the seemingly forlorn Spotless Group was a surprise. Perhaps less so, the 'blocking' stake in Myer acquired by Solomon Lew's Premier Investments. A handful of new IPOs are slated for the bourse in coming months; on what we have seen to date, our participation is likely to be seldom. A number of new investment ideas have been seeded in the portfolio in recent weeks. We are optimistic about their ability to drive outperformance over the coming months.

#### Performance Statistics to 31 March 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
<b>EGG Small Companies Fund</b>	-0.25%	-4.08%	+3.82%	+7.60%	+4.31%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index (XSOAI)</b>	+2.66%	+1.46%	+13.67%	+2.28%	-0.83%
<b>Outperformance</b>	<b>-2.91%</b>	<b>-5.54%</b>	<b>-9.85%</b>	<b>+5.32%</b>	<b>+5.14%</b>

\* Fund returns are calculated post fees.

## Attribution\*

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

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. HFA Holdings</li> <li>2. Nufarm</li> <li>3. Sigma Pharmaceuticals</li> </ol> | <ol style="list-style-type: none"> <li>1. Collins Foods</li> <li>2. Fletcher Building</li> <li>3. Tegel Group</li> </ol> |
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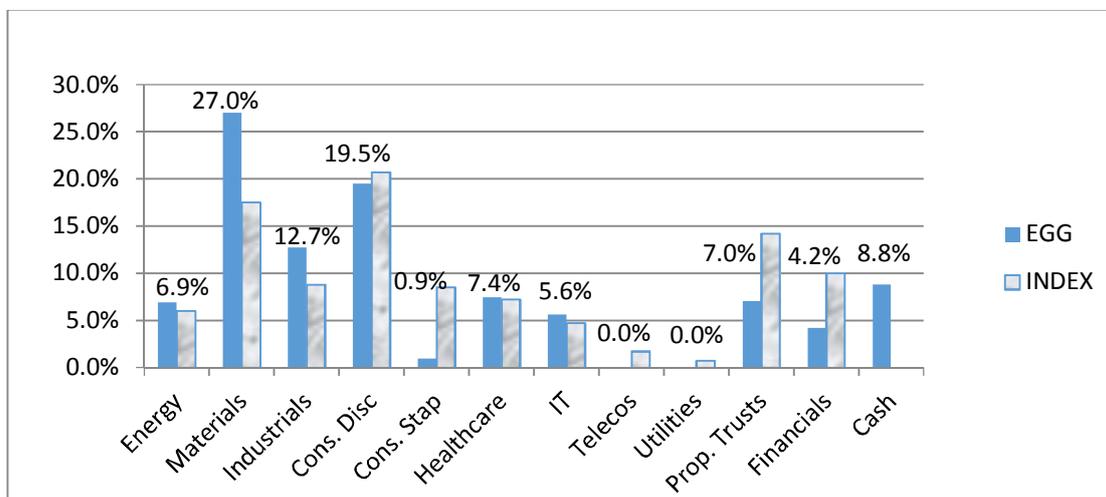
\* In alphabetical order, as at 31 March

## Top 10 Holdings\*

Name	Industry
1. Bapcor	Consumer Discretionary
2. Cleanaway Waste Management	Industrials
3. Ebos Group	Healthcare
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 31 March

## 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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