



Small Companies Fund

Monthly Report

April 2017

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) returned -1.07% for April. It appears fatigue has beset the 'reflation' trade in just a few short months. PMIs globally (Europe particularly) continue to rise, however a seasonal slowdown in the US coupled with signs of liquidity tightening in China has seemingly sparked a pull-back across the 'reflation' beneficiaries, namely commodities. 'Bellwethers' Copper and Oil fell in April (and continued in the early days of May), creating a tough backdrop for the Materials and Energy sectors, both of which shed 3% and underperformed the XSOAI by similar amount. Consumer Discretionary names have had a tough time of it too. Whilst business confidence levels are improving, consumer sentiment is waning, as evidenced by recent trading updates from The Reject Shop (-49%) and RCG Corporation (-24%). New car sales have been noticeably soft to start the year as

Unit Price at 30 April 2017

Application	\$2.0722
Redemption	\$2.0608
Fund Size	\$425 million
# stocks held	57

well. Whether it be housing affordability that's impacting discretionary incomes or fear of structural change to business models posed by the arrival of Amazon, the current malaise in retail land looks set to continue. Given these issues, it is not surprising to see the market pivot back towards a narrow set of perceived 'quality' and 'momentum' names in small caps over recent weeks. On that note, A2 Milk (+13%) delivered another earnings upgrade which benefitted SCF. Activity amongst the REIT names was noteworthy in April, with Northwest launching a takeover offer for Generation Healthcare, whilst Charter Hall upped earnings guidance and raised nearly \$300m in equity to co-invest in its suite of funds and syndicates.

Performance Statistics to 30 April 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	-1.07%	-2.80%	+1.97%	+7.13%	+3.70%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-0.25%	+3.75%	+10.04%	+2.42%	-1.35%
Outperformance	-0.82%	-6.55%	-8.07%	+4.71%	+5.05%

* 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 Bapcor
2. HFA Holdings	2. Daican Gold
3. IRESS	3. Michael Hill International

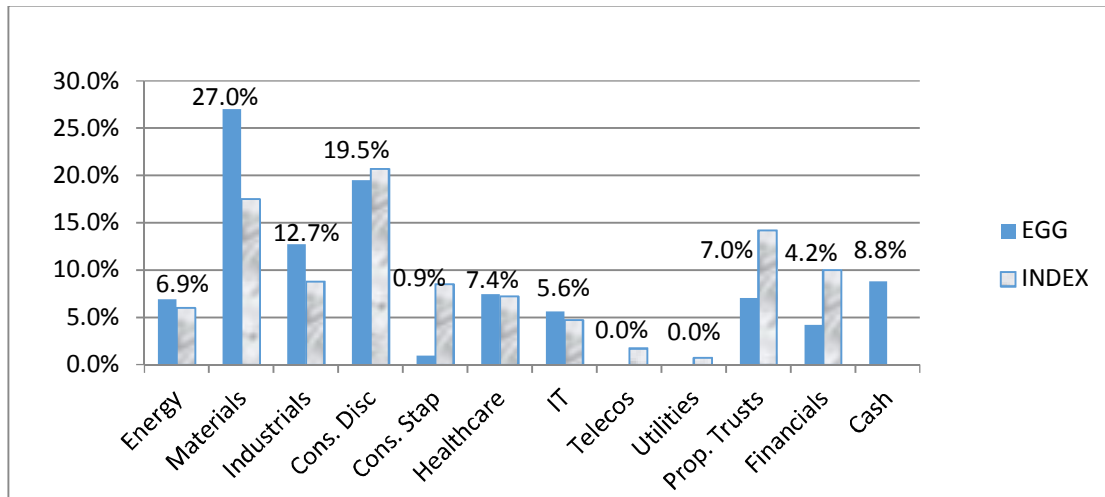
* In alphabetical order, as at 30 April

Top 10 Holdings*

Name	Industry
1. Bapcor	Consumer Discretionary
2. Cleanaway Waste Management	Industrials
3. Ebos Group	Healthcare
4. IRESS	Information Technology
5. Nufarm	Materials
6. Pact Group Holdings	Materials
7. Premier Investments	Consumer Discretionary
8. Sigma Pharmaceuticals	Healthcare
9. Sims Metal Management	Materials
10. Steadfast Group	Financial

* In alphabetical order, as at 30 April

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

Morningstar October 2016 Zenith February 2017	Silver 2 nd Highest Rating Recommended 2 nd Highest Rating	Lonsec February 2017	Recommended 2 nd Highest Rating http://eleygriffiths.com.au/news-reports/
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