



Emerging Companies Fund Monthly Report

May 2017

Portfolio Performance and Strategy

The Emerging Companies Fund (ECF) outperformed the market by 1.50% for the month of May. Independent platform provider HUB24 (+19%) rose strongly on accelerating net flows over April and May (~\$200m per month). Total FUA is now ~\$5b and with the business profitable, and highly scalable, incremental fund flow from hereon is likely to be strongly accretive to earnings. The stock has seen decent broker upgrades as a result. On the subject of accelerating trends over April and May, Afterpay (+14%) has seen annualised sales on its platform exceed \$1b for the first time. In fact, the business has doubled in the first five months of the calendar year and is now processing over 3% of on online retail sales. Detractors were Swick (-14%) which undertook a near-term dilutive capital raising to fund new rig builds in FY18 and purchase further equity in Orexplore. By-and-large, this is a good problem to have,

Unit Price at 31 May 2017

Application	\$0.9879
Redemption	\$0.9825
Fund Size	\$5.9 million
# stocks held	45

with activity levels for underground diamond drilling clearly robust and await for signs of upward momentum in rate (price) across the sector. Paringa (-9%) and McPhersons (-10%) fell on little news. Also noteworthy was May marks the first month since September 2016 that Small Caps have outperformed Large (0.76% for the month). Over that 7-month period, Large outperformed Smalls by 13%, around the time Financials (i.e. banks) began rallying globally on the prospect of higher interest rates and the 'reflation' trade was garnering attention. In the early days of June, we've seen Small Cap outperformance (~1%) continue. Signs of a new trend emerging perhaps? We shall see.

Performance Statistics to 31 May 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	Inception % p.a.
EGG Emerging Companies Fund	-0.56%	0.38%	--	--	0.38%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-2.05%	0.31%	--	--	0.31%
Outperformance	+1.51%	0.07%	--	--	0.07%

* 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"> 1. Afterpay Holdings 2. AUB Group 3. HUB24 | <ol style="list-style-type: none"> 1. McPherson's 2. Paringa Resources 3. Swick Mining Services |
|--|--|

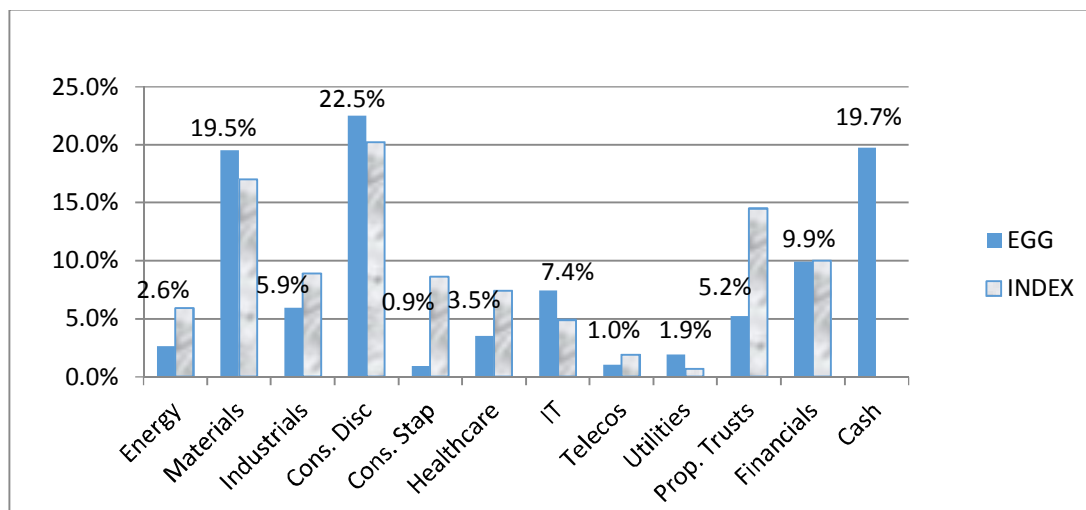
* In alphabetical order, as at 31 May

Top 10 Holdings*

Name	Industry
1. 360 Capital Group	Real Estate
2. Afterpay Holdings	Information Technology
3. AUB Group	Financials
4. Base Resources	Materials
5. Capitol Health	Health Care
6. Gold Road Resources	Materials
7. Helloworld Travel	Consumer Discretionary
8. HUB24	Financials
9. Imdex	Materials
10. Noni B	Consumer Discretionary

* In alphabetical order, as at 31 May

Eley Griffiths Group Emerging Companies Fund by Sector



Eley Griffiths Group Ratings

Zenith March 2017	Recommended 2 nd Highest Rating	Lonsec April 2017 http://eleygriffiths.com.au/news-reports/emerging-companies-fund/	Under Review 2 nd Highest Rating
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