



Small Companies Fund Monthly Report

May 2017

Portfolio Performance and Strategy

'Sell in May and go away' proved apt again; our market underperformed global indices by some margin. The six basis point levy proposed in the Federal Budget on the Banking sector is largely to blame we think, given its significant index weighting as well as second order impacts it may have on an already troubled consumer (assuming the levy is simply passed through). What does all this mean for Small Caps you ask? Well, 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? That aside, it was pleasing for the Small

Unit Price at 31 May 2017

Application	\$2.0555
Redemption	\$2.0442
Fund Size	\$418 million
# stocks held	59

Companies Fund (SCF) to deliver 1.25% outperformance for the month. Portfolio attributors were RCR Tomlinson (+21%), a likely multi-year beneficiary of the slated infrastructure spend initiatives announced in the Budget. Xero (20%) delivered a result ahead of market expectations and rallied strongly as a consequence, in-part playing catch up to the massive rally in global tech names year-to-date. Sigma Healthcare (-35%) detracted from performance, noteworthy given the decision to commence legal proceedings against its largest customer (Chemist Warehouse) for breach of contract. Not a decision taken lightly given management's significant shareholding we suspect and one taken with long term interests at heart.

Performance Statistics to 31 May 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	-0.80%	-2.12%	-5.16%	+9.23%	+3.15%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-2.05%	+0.31%	+3.55%	+4.22%	-2.07%
Outperformance	+1.25%	-2.42%	-8.71%	+5.01%	+5.22%

* 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 HFA Holdings |
| 2 RCR Tomlinson | 2. Pact Group |
| 3. Xero | 3. Sigma Healthcare |

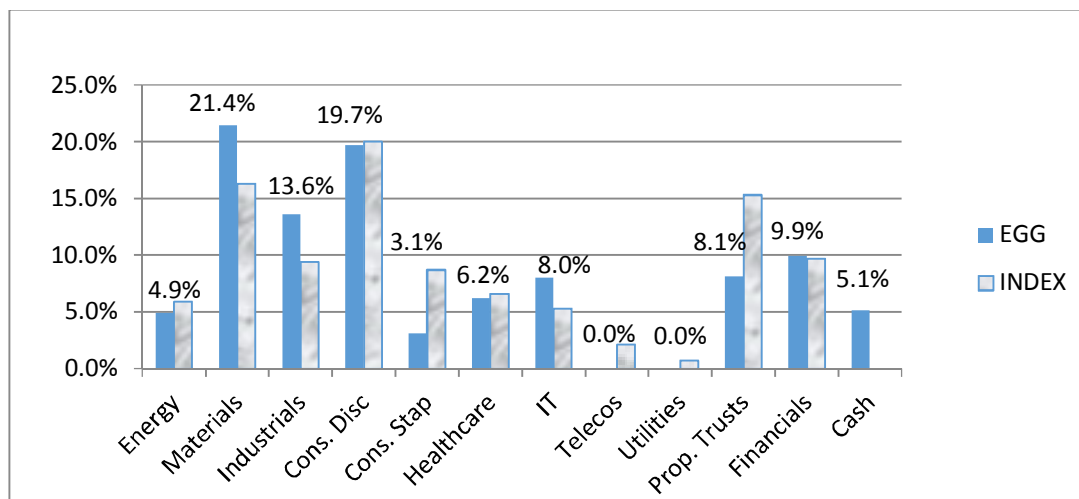
* In alphabetical order, as at 31 May

Top 10 Holdings*

Name	Industry
1. Cleanaway Waste Management	Industrials
2. Ebos Group	Healthcare
3. G8 Education	Consumer Discretionary
4. IRESS	Financials
5. Nufarm	Materials
6. Pact Group Holdings	Materials
7. Premier Investments	Consumer Discretionary
8. Smartgroup Corporation	Industrials
9. Steadfast Group	Financial
10. The A2 Milk Company	Consumer Staples

* In alphabetical order, as at 31 May

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 http://eleygriffiths.com.au/news-reports/	Recommended 2 nd Highest Rating
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