



Small Companies Fund Monthly Report

June 2017

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) delivered 2.45% in June, eclipsing its benchmark by 0.45%. Aiding the backdrop was a continuation of the Small Cap outperformance over Large (1.96% in June) that we touched on last month. Long duration assets (REITs, Telco, Utilities and Tech) underperformed significantly in the latter half of the month, sparked by (relative to expectations) hawkish commentary out of the Fed at its June meeting. US 10yr yields rallied 18bps, which doesn't sound like much, but is in essence an ~8% move in quick time and was enough to unsettle the herd. Base and bulk commodities, led by Iron Ore (+14%), fired in June, but the equities didn't follow. Gold (-2.1%) and Oil (Brent -4.5%) both fell, the former closely correlated to interest rate expectations. Our underweight positioning to the 'long duration' sectors contributed to performance, as did the continued re-rate

Unit Price at 30 June 2017

Application	\$2.1058
Redemption	\$2.0943
Fund Size	\$423 million
# stocks held	55

of the mining services sector with inflating orderbooks and improved visibility generally; Ausdrill (+27%) a key portfolio beneficiary. Collins Foods (+16%) was another strong contributor, with its sales outlook for FY18 ahead of expectations, coupled with an accretive deal to bolster its Australian KFC network by 15%. Detractors to performance included lithium producer Galaxy Resources (-27%), which fell aggressively on anticipated changes to demand and supply dynamics; that hasn't eventuated and the stock has since recovered most of the move. Gateway Lifestyle (-10%) reduced FY17 settlement volumes by ~13% which was disappointing, but largely inconsequential to valuation over the medium term.

Performance Statistics to 30 June 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+2.45%	+0.53%	-2.81%	+10.14%	+3.47%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+1.99%	-0.35%	+7.01%	+5.66%	-1.88%
Outperformance	+0.45%	+0.88%	-9.82%	+4.88%	+5.35%

* 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 Touch Group 2. Ausdrill 3. Collins Foods | <ol style="list-style-type: none"> 1. Galaxy Resources 2. Gateway Lifestyle 3. Michael Hill International |
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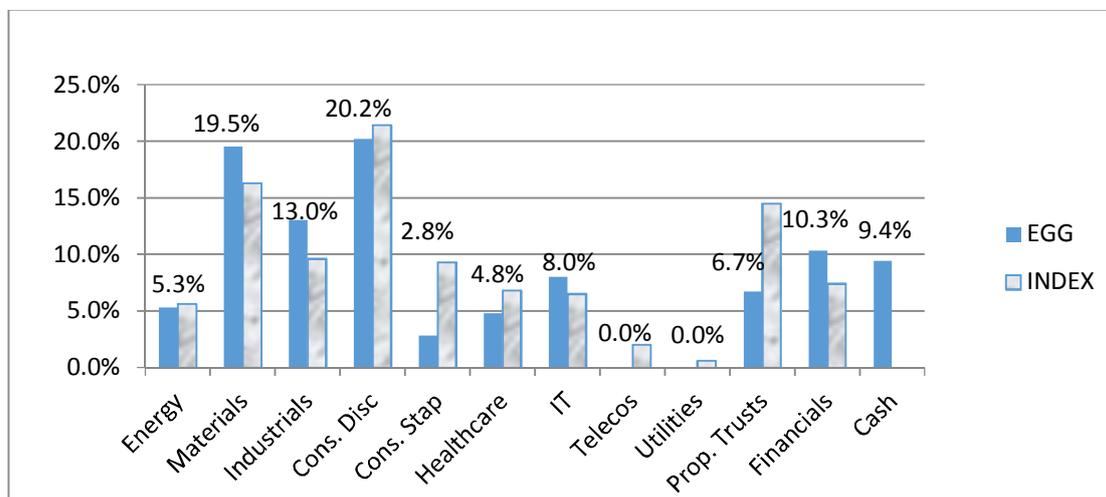
* In alphabetical order, as at 30 June

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. Premier Investments	Consumer Discretionary
7. Saracen Minerals Holdings	Materials
8. Smartgroup Corporation	Industrials
9. Steadfast Group	Financial
10. The A2 Milk Company	Consumer Staples

* In alphabetical order, as at 30 June

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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