



Small Companies Fund

Monthly Report

July 2017

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) delivered +1.40% in July, outperforming its benchmark by +1.06%. The investment we made to reposition the portfolio last year has assisted performance in recent months. High P/E names such as TNE, IVC, CHC, AIA (all sold last year) came under selling pressure. Relatively recent positions in ASL, MND MLX, RCR continued their re-rating. Small resources outperformed small industrials by ~3% in July, bringing their performance in line with industrials for the calendar year. We remain market weight resource stocks and see their recent performance as likely to continue. Corporate activity was a feature during the month with a knock-out bid for Programmed Maintenance by Japanese firm Persol Holdings at a 68% premium highlighting investor interest in the cyclical/resource exposed sectors. Just after month end

Unit Price at 31 July 2017

Application	\$1.9853
Redemption	\$1.9744
Fund Size	\$386 million
# stocks held	56

Astro Japan Property Group (AJA), a top 5 active position in the fund, was bid for at \$7.18 by Blackstone Real Estate. AJA serves as a good reminder that 'doing the work' in unloved parts of the market or where others won't make the effort, in this case Japanese real estate, can be very rewarding. We purchased our first shares at \$3.50 in November 2013. During the month our highest conviction gold stock, Saracen Minerals, caught the markets attention with record production, reduced cash costs and exploration results that firmed up reserves for a 7 year plus mine life. We seeded some exciting new positions in July and the team is not short on idea generation heading into reporting season.

Performance Statistics to 31 July 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+1.40%	+3.04%	-8.51%	+9.72%	+3.75%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+0.34%	+0.24%	-1.09%	+5.77%	-1.75%
Outperformance	+1.06%	+2.80%	-7.42%	+3.95%	+5.50%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month;	Our biggest detractors for the month;
1. Metals X	1. Australis Oil & Gas
2. RCR Tomlinson	2. Cleanaway Waste Management
3. Saracen Mineral Holdings	3. Orecorp

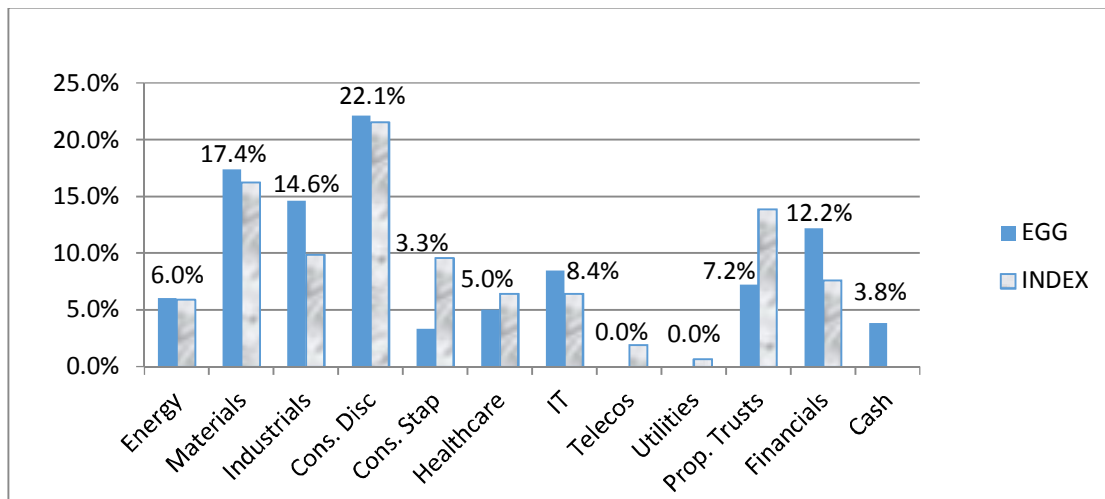
* In alphabetical order, as at 31 July

Top 10 Holdings*

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

* In alphabetical order, as at 31 July

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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