



Small Companies Fund Monthly Report

August 2017

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) delivered +3.54% in August, 0.83% ahead of the XSOAI. Reporting season came and went, bringing with it the usual intra-day volatility and consensus downgrades (almost 3:1 on balance this time). We were pleased with SCF's performance, particularly the breadth of stocks contributing to relative outperformance. Avid readers of our Monthly's will know our tilt towards cyclical names (Materials, Mining Services etc) has been unfolding over the last twelve months. Since May, this style of stock has been in vogue above all others. We think the root cause of their outperformance stems from an overcrowded long US\$ trade which, at best, is showing signs of fatigue, or at worst is in a 'topping' phase. This occurrence is something we had been positioning the portfolio for, should it arise. Emerging Markets, commodities, select financials

Unit Price at 31 August 2017

Application	\$2.0556
Redemption	\$2.0443
Fund Size	\$403 million
# stocks held	59

and retailers are, in theory, among the beneficiaries. Positioning is also important during the intense information periods, like August. Quality growth names that exceeded expectations, namely Smartgroup (+19%), Afterpay (+22%) and A2 Milk (+21%) were among SCF's best attributors. Materials and Mining Services were solid performers too. ECM activity in the Mining Services space has ticked up appreciably, with Ausdrill, RCR Tomlinson and NRW Holdings all tapping the market recently to fund the growth opportunities on the horizon. Multiples have expanded to a point where the ratings applied to these stocks appear full, however the prospect of upward earnings momentum should be enough to sustain them for now.

Performance Statistics to 31 August 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+3.54%	+7.56%	-4.52%	+10.21%	+4.47%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+2.71%	+5.12%	+3.20%	+5.72%	-1.09%
Outperformance	+0.83%	+2.44%	-7.72%	+4.49%	+5.56%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month; Our biggest detractors for the month;

- | | |
|-------------------------------|------------------------|
| 1. Afterpay Touch Group | 1. Ebos |
| 2. Astro Japan Property Group | 2. IRESS |
| 3. Smartgroup Corporation | 3. Premier Investments |

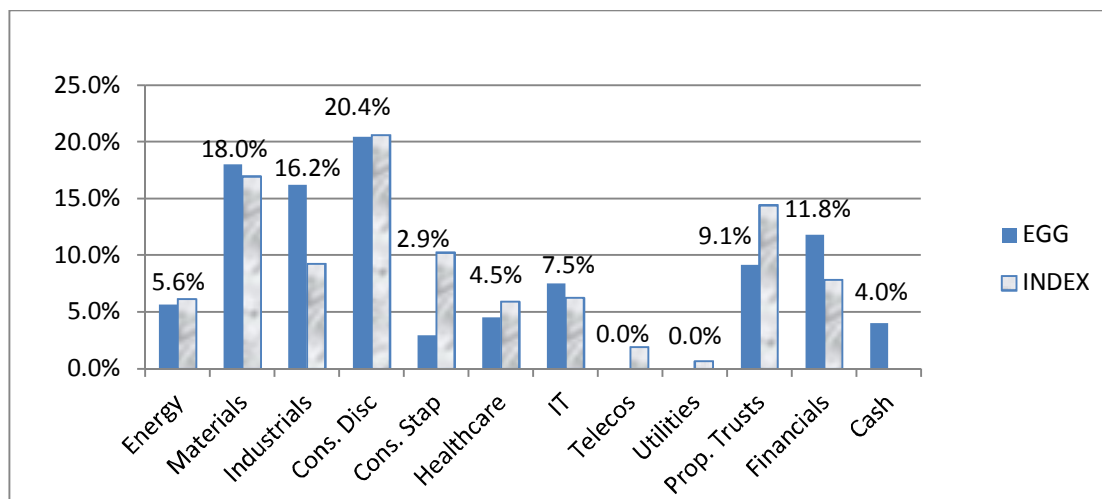
* In alphabetical order, as at 31 August

Top 10 Holdings*

Name	Industry
1. Astro Japan Property Group	Real Estate
2. ARB Corporation	Consumer Discretionary
3. Cleanaway Waste Management	Industrials
4. G8 Education	Consumer Discretionary
5. IRESS	Financials
6. Premier Investments	Consumer Discretionary
7. Saracen Mineral Holdings	Materials
8. Smartgroup Corporation	Industrials
9. Steadfast Group	Financial
10. The A2 Milk Company	Consumer Staples

* In alphabetical order, as at 31 August

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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