



Emerging Companies Fund

Monthly Report

September 2017

Portfolio Performance and Strategy

The Emerging Companies Fund (ECF) returned +2.24% in September. Synlait Milk (+42%) was the standout performer for the month, having upgraded FY18 volume guidance by ~14% and receiving certification from the China Food & Drug Administration (CFDA) to export product. Synlait is a dairy processing company, based in Canterbury, NZ which we first came across over 18 months ago, when doing our homework on A2 Milk. Synlait sources and controls the ingredient supply chain for its key brand partners (eg A2 Milk) as well as the manufacturing, canning and packaging of dairy products (eg infant formula). We went to Christchurch in late June to inspect the facilities for ourselves and left suitably impressed. Aside from the success of A2 Milk, we believe there to be strategic value in the processing infrastructure itself (which the market is now recognising) as evidenced by the

Unit Price at 30 September 2017

Application	\$1.1457
Redemption	\$1.1407
Fund Size	\$15.6 million
# stocks held	56

CFDA registration and recent transactions (eg Mead Johnson – Bega, A2 buying ~9% of Synlait) in the sector. Afterpay (+11%) and Hub24 (+19%) were both included in the ASX300 during the month, with index buying contributing in part to their strong performance. Maca is a new addition to the Top 10 Holdings; a high-quality mining contractor, principally focused on the gold space. We increased our position via a capital raising during the month. The tender pipeline is particularly buoyant (gold, lithium), with a number of contracts to be awarded over the coming months. If Maca wins its typical share of these tenders, we'd expect revenues and earnings will be underpinned at a significantly higher base than current levels.

Performance Statistics to 30 September 2017

	1 Month %	3 Month %	6 Month %	1 Year %	Inception % p.a.
EGG Emerging Companies Fund (ECF)	+2.24%	+11.72%	+15.41%	--	+16.57%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+1.31%	+4.41%	+4.04%	--	+6.81%
Outperformance	+0.93%	+7.31%	+11.37%	--	+9.76%

* 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. Capitol Health |
| 2. HUB24 | 2. Noni B |
| 3. Synlait Milk | 3. Topbetta Holdings |

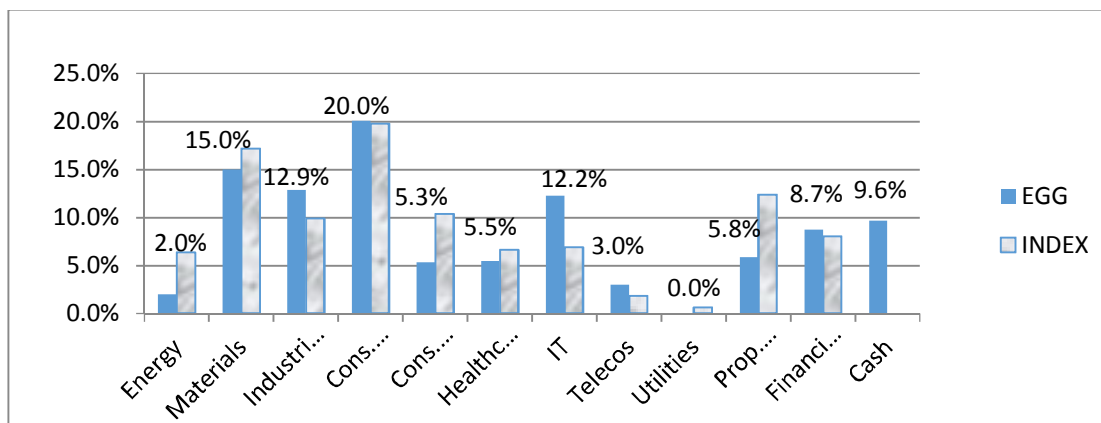
* In alphabetical order, as at 30 September

Top 10 Holdings*

Name	Industry
1. Afterpay Touch Group Ltd	Information Technology
2. Capitol Health Ltd	Health Care
3. Emeco Holdings Ltd	Industrials
4. Helloworld Travel Ltd	Consumer Discretionary
5. HUB24 Ltd	Financials
6. MACA Ltd	Materials
7. McPherson's Ltd	Consumer Discretionary
8. Noni B Ltd	Consumer Discretionary
9. Pacific Current Group Ltd	Financials
10. Synlait Milk Ltd	Consumer Staples

* In alphabetical order, as at 30 September

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/	Recommended 2 nd Highest Rating
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