



Small Companies Fund Monthly Report

September 2017

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) delivered +1.94% in September, 0.63% ahead the benchmark. With reporting season done, the market's focus has tilted back towards the macro drivers. A hawkish US Fed saw 10yr yields rise nearly 10% to 2.33%, as the market repriced the likelihood of (at least) one more rate hike before the year is out. This, coupled with a significant pull back in iron ore prices (-21%) saw the A\$ 1.4% weaker against the greenback. Resources still outperformed Industrials though (+1.38%), largely on the back of stellar gains in the electric vehicle (EV) related equities, lithium stocks particularly. China's policy signal to transition its auto market to 'full EV' by 2030, on the back of similar moves in Norway, France and proclamations from car manufacturers themselves in recent months, has driven a new wave of demand for the battery supply chain players. We've

Unit Price at 30 September 2017

Application	\$2.0948
Redemption	\$2.0847
Fund Size	\$430 million
# stocks held	59

also seen the first sign of vertical integration, where car manufacturers themselves are signing offtake deal for raw materials. We have Galaxy Resources and Mineral Resources in the portfolio exposed to this thematic. Also noteworthy is M&A activity in the REIT space has continued. Propertylink (a SCF holding) saw Centuria Capital Group acquire a ~ 17% interest in the name, swiftly followed by a proposal to acquire 100% (which was promptly rejected). We've seen further activity on the Propertylink register emerge in the early days of September too. Meanwhile, the wrestle for control of Asia Pacific Data Centres continues, with major tenant, Next DC, at 29% and 360 Capital at 21% on last count.

Performance Statistics to 30 September 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+1.94%	+7.03%	-2.86%	+9.91%	+4.20%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+1.31%	+4.41%	+2.98%	+5.09%	-1.41%
Outperformance	+0.63%	+2.62%	-5.84%	+4.82%	+5.61%

* 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. Cleanaway Waste Management
2. Senex Energy	2. Michael Hill International
3. Xero	3. Webjet

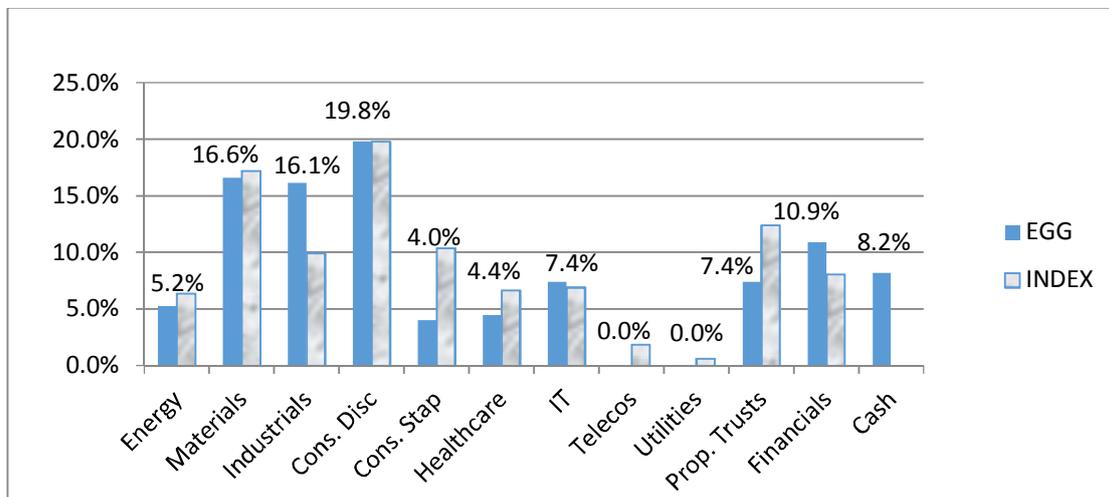
* In alphabetical order, as at 30 September

Top 10 Holdings*

Name	Industry
1. a2 Milk Co Ltd	Consumer Staples
2. Afterpay Touch Group Ltd	Information Technology
3. ARB Corp Ltd	Consumer Discretionary
4. Cleanaway Waste Management Ltd	Industrials
5. G8 Education Ltd	Consumer Discretionary
6. IRESS Ltd	Information Technology
7. Premier Investments Ltd	Consumer Discretionary
8. Saracen Mineral Holdings Ltd	Materials
9. SmartGroup Corp Ltd	Industrials
10. Steadfast Group Ltd	Financials

* In alphabetical order, as at 30 September

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

Morningstar October 2017	Bronze 3 rd Highest Rating	Lonsec February 2017	Recommended 2 nd Highest Rating
Zenith February 2017	Recommended 2 nd Highest Rating	http://eleygriffiths.com.au/news-reports/	

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