



Emerging Companies Fund

Monthly Report

October 2017

Portfolio Performance and Strategy

The Emerging Companies Fund (ECF) returned +6.84% in October. Small Caps continued to outpace their Large Cap counterparts (4.3% CYTD, 8.7% since May) with Smalls now approaching technical 'bull' market status; +19% on the rolling year as we write, just shy of the defined 20%. In many ways, October felt like a bull market too. The Electric Vehicle (EV) / battery thematic supporting lithium, cobalt, graphite and nickel names has ignited a healthy dose of optimism amongst the resource juniors, with capital raisings increasingly prevalent. So too the search for the 'next A2 Milk,' which has seen stocks such as Bubs and Wattle Health virtual 'ten-baggers' in a short space of time. This type of market unearths plenty of opportunities on which we hope to capitalise on and equally, pockets to avoid. Better attributors for the month included

Unit Price at 31 October 2017

Application	\$1.2241
Redemption	\$1.2181
Fund Size	\$19 million
# stocks held	56

equipment rental company Emeco (EHL, +26%). The most important metric for rental/hire companies is utilisation, which we've seen steadily improve, with further to run. Price will be the next lever to pull. EHL has consolidated its position in the Australian market in recent months (via acquisition and asset swaps) to emerge as the dominant player in the space. Our recent trip to Perth affirmed our suspicion that the backdrop for mining services companies continues to improve. Anecdotes citing increasing lead times emerging for yellow kit (especially larger fleet), site turnover rising, changes to FIFO rosters (more favourable for employees) were confirmatory of our bullish stance.

Performance Statistics to 31 October 2017

	1 Month %	3 Month %	6 Month %	1 Year %	Inception % p.a.
EGG Emerging Companies Fund (ECF)	+6.84%	+14.92%	+23.37%	--	+24.54%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+6.02%	+10.32%	+10.58%	--	+13.24%
Outperformance	+0.82%	+4.60%	+12.79%	--	+11.30%

* 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. McPherson's |
| 2. Emeco Holdings | 2. Noni B |
| 3. Praemium | 3. Pacific Current Group |

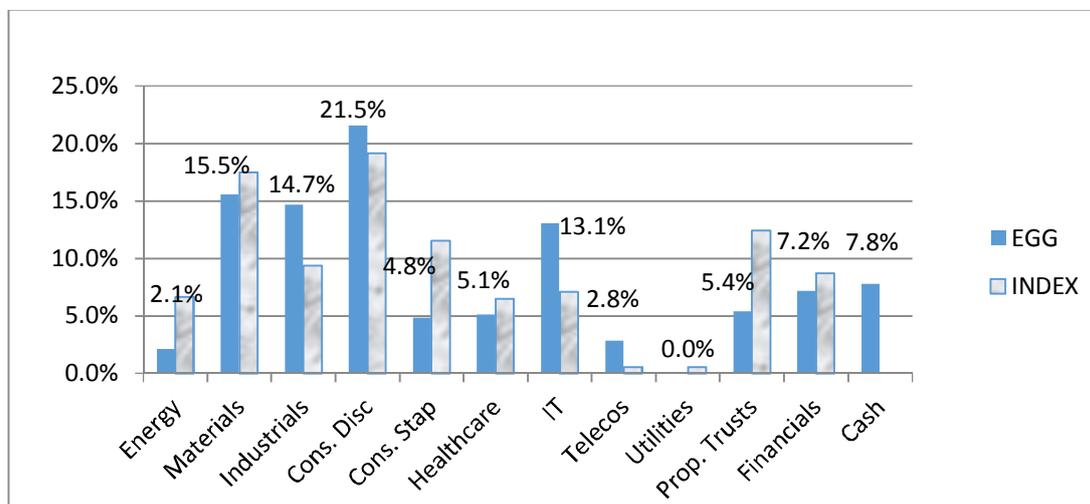
* In alphabetical order, as at 31 October

Top 10 Holdings*

Name	Industry
1. Afterpay Touch Group Ltd	Information Technology
2. Alliance Aviation Services Ltd	Industrials
3. Capitol Health Ltd	Health Care
4. Emeco Holdings Ltd	Industrials
5. Helloworld Travel Ltd	Consumer Discretionary
6. HUB24 Ltd	Financials
7. Jumbo Interactive Ltd	Consumer Discretionary
8. Motorcycle Holdings Ltd	Consumer Discretionary
9. Noni B Ltd	Consumer Discretionary
10. Synlait Milk Ltd	Consumer Staples

* In alphabetical order, as at 31 October

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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