



Small Companies Fund Monthly Report

October 2017

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) delivered +6.83% in October, 0.81% ahead of benchmark. Small Caps continued to outpace their Large Cap counterparts (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. Resources outperformed Industrials again (+0.57%) and making it ~11.5% now for the first four months of the financial year. Electric vehicle (EV) related equities continued their advance following stellar gains in September, with Nickel (+12%) too now chiming in. With EV penetrations rates <2% in the developed world and government subsidies in place, the theme is undeniably real. Valuations have caught up however, making the stocks increasingly vulnerable to profit taking in the near term, especially given few have current earnings

Unit Price at 31 October 2017

Application	\$2.2379
Redemption	\$2.2271
Fund Size	\$465 million
# stocks held	60

to support them. If there was any doubt as to the bullish setting of the market, the performance of Bellamy's (+58%) and Blackmores (+35%) during the month is noteworthy. These once 'market darlings' have had a challenging 12-month period (excess inventory / discounting) and seen management change, yet the enduring thematic of the burgeoning Chinese consumer is seemingly winning out at present. The best attributors to SCF performance for the month included Metals X (+26%) and Peet (+20%), stocks we feel continue to offer relative value in their respective sectors. Collins Foods, Ebos and Steadfast detracted from performance, only in that they could not keep pace with the 'risk-on' backdrop.

Performance Statistics to 31 October 2017

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+6.83%	+12.76%	+10.19%	+10.82%	+4.42%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+6.02%	+10.32%	+14.58%	+6.06%	-1.34%
Outperformance	+0.81%	+2.44%	-4.39%	+4.76%	+5.76%

* 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. Collins Foods |
| 2. Metals X | 2. Ebos Group |
| 3. Peet | 3. Steadfast Group |

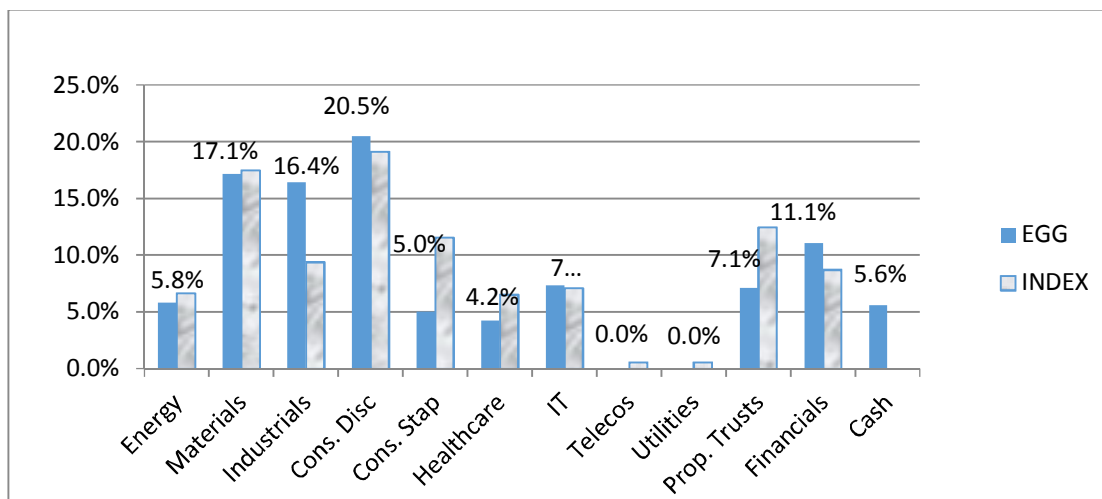
* In alphabetical order, as at 31 October

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. Nufarm Limited	Materials
8. Saracen Mineral Holdings Ltd	Materials
9. SmartGroup Corp Ltd	Industrials
10. Steadfast Group Ltd	Financials

* In alphabetical order, as at 31 October

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

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

DISCLAIMER: For wholesale clients use only. Not for retail clients use or distribution. This document is issued by Eley Griffiths Group Pty Limited (ABN 66 102 271 812) (EGG) in relation to the Eley Griffiths Small Companies Fund (Fund). The Trust Company (RE Services) Limited ABN 45 003 278 831, AFSL 235 150 (Perpetual) is the Responsible Entity of, and issuer of units in the Fund, and EGG is the investment manager of the Fund. The information provided in this document is general information only and does not constitute investment or other advice. The content of this document does not constitute an offer or solicitation to subscribe for units in the Fund. EGG accepts no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. Any investment decision in connection with the Fund should only be made based on the information contained in the disclosure document for the Fund. Performance figures assume reinvestment of income. Past performance is not a reliable indicator of future performance. Neither EGG nor Perpetual guarantee repayment of capital or any particular rate of return from the Fund. Neither EGG nor Perpetual give any representation or warranty as to the reliability or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of EGG as at the date of this document are subject to change without notice.