

Product Assessment

Report data as at 31 Jan 2018
Rating issued on 26 Feb 2018

Eley Griffiths Group Emerging Companies Fund

VIEWPOINT & RATING

The Fund, managed by the Eley Griffiths Group (EGG), provides investors with a style neutral exposure to Australian micro cap companies. Whilst Zenith recognises that the Fund's strategy is new, we believe EGG's experienced investment team will be able to successfully leverage its long standing investment process within the micro cap space. EGG has utilised the same investment process to deliver strong excess returns within its small companies strategy since October 2003.

EGG was established in early 2003 by Brian Eley and Ben Griffiths and is focused solely on small and micro cap portfolios. In November 2015, Zenith was advised that due to an ongoing personal health issue, Eley retired from the business. EGG is profitable, has no external shareholders and is fully owned by the investment team.

Following Eley's retirement, the investment team is led by Griffiths, who has extensive experience in the management of Australian small cap portfolios. Supporting Griffiths in the management of the Fund is David Allingham. The two portfolio managers are supported by two analysts. Whilst the retirement of Eley in 2015 was a loss for EGG's investment capabilities, Zenith believes the succession planning program implemented by Eley and Griffiths was well thought out, and ensured that the team remained well-structured with respect to the coverage of the small cap universe. In addition, Zenith retains confidence in the long-term working relationship between Griffiths and Allingham.

Micro caps are usually referred to as S&P/ASX ex-300 stocks, however EGG has defined this Fund's investment universe as companies outside of the S&P/ASX 200 Index.

Believing that the market does not always price small or micro cap companies efficiently, EGG utilises a GARP (growth at a reasonable price) investment approach in seeking to exploit this market mispricing. Whilst EGG's investment process is internally driven, the investment team will leverage the insights of an extensive broker network to further supplement the research conducted by the analysts. EGG's analysis considers both quantitative and qualitative factors with each receiving an equal weighting when determining a stock's final score.

EGG's portfolio construction process is disciplined and transparent. The construction phase utilises an algorithm called "SCOPE" (Small Companies Optimal Portfolio Evaluation), which has been developed in-house and assists in setting individual stock weights within predetermined risk limits. The portfolio managers also have the ability to tactically deviate up to 1% away from the stock weights determined by SCOPE, to reflect information such as corporate actions which are not captured by the model. Zenith considers the tactical overlay component to be an integral part of EGG's portfolio construction process, as it enables EGG to utilise its experience in qualitatively incorporating their views into the portfolio. Griffiths and Allingham determine the tactical deviations from the SCOPE model.

The Fund is expected to represent a well diversified exposure to micro cap companies. The Fund is permitted to hold a maximum active weight in a company of 7%, with no restrictions applied at the sector level. Zenith believes EGG's portfolio construction process is intuitive and ensures that a stock's weighting in the portfolio appropriately references the fundamental research of the investment team.

FUND FACTS

- Investment process that equally weights qualitative and quantitative factors
- Typically holds between 35 and 55 stocks
- Portfolio turnover expected to range between 60% p.a. and 80% p.a.

APIR Code

PIM5346AU

Asset / Sub-Asset Class

Australian Shares
Micro Cap Companies

Investment Style

Neutral

Investment Objective

The Fund aims to outperform the S&P ASX Small Ordinaries Index (net of fees) over a rolling 5 year period.

Zenith Assigned Benchmark

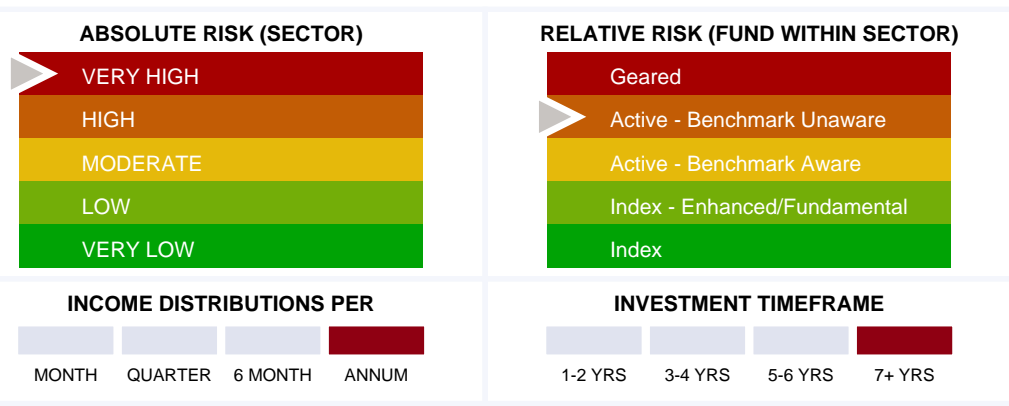
S&P/ASX Emerging Companies
S&P/ASX Small Ordinaries (Accum)

Net Returns (% p.a.)

	Incpt.	6 mth	3 mth
Fund	36.83	26.50	10.08
Benchmark	19.30	24.33	12.80

Fees (% p.a., Incl. GST)

Management Cost: 1.23%
Performance Fee: 15.375% inc. GST net of RITC of the amount by which the Fund outperforms its benchmark subject to all prior benchmark underperformance being recouped



APPLICATIONS OF INVESTMENT

SECTOR CHARACTERISTICS

The Zenith "Australian Shares - Micro Cap" sector consists of long-only funds investing in the micro capitalisation (micro cap) spectrum of the Australian equity market. That is, companies that typically fall outside the S&P/ASX 300. These companies typically have a market capitalisation of less than \$500 million and the sector comprises approximately 1,600 listed companies with a combined total value of circa \$110 billion. Over the longer-term, active management in this sector has historically demonstrated an ability to significantly outperform a passive index given it is an "under researched" segment of the market.

Zenith benchmarks all funds in this sector against the S&P/ASX Emerging Companies Index. However, investors should be aware that funds in this sector can have a varying allocation to the small companies universe (i.e. S&P/ASX 100 - S&P/ASX 300 stocks) and ASX listed stocks which fall outside the S&P/ASX Emerging Companies Index. The S&P/ASX Emerging Companies Index is market capitalisation weighted, resulting in those companies with the largest market capitalisation receiving the heaviest weighting.

The Australian share market, as represented by the S&P/ASX 300 Accumulation Index, is relatively narrow and highly concentrated, with the Materials and Financials sectors representing a material proportion of the Index. In comparison to the S&P/ASX 300 Index, the S&P/ASX Emerging Companies Index has a much lower weighting to the Financials sector and is represented by a larger weighting to the Resources sector, which reflects the importance of resources related industries to the micro cap sector. A significant proportion of these resource companies are classified as "exploration" companies, and in many cases are not cash flow positive, can be highly volatile and their fortune can be linked to whether (or not) a resource body is discovered.

PORTFOLIO APPLICATIONS

For investors seeking to achieve a well-blended exposure to Australian equities, Zenith suggests Australian micro capitalisation funds are best used in combination with a large capitalisation Australian equities fund.

Zenith considers micro cap funds as most appropriate for investors seeking a high growth based investment. Given the high risk nature of the Fund, Zenith believes investors should be prepared to invest with an investment time horizon of seven or more years to maximise their potential for optimal results.

The Fund is considered a relatively unique offering. While micro caps are usually referred to as ex-S&P/ASX 300 stocks, EGG has defined this Fund's investment universe as companies outside the S&P/ASX 200 Index. The micro cap segment of the Australian share market generally comprises companies that are typically in the early stages of their life cycles. As such, these companies may potentially offer a higher degree of upside return potential, however, this is associated with higher levels of risk and share price volatility, relative to investing in larger, more established companies.

EGG expects the Fund to typically be biased towards the larger end of its defined micro caps universe (i.e. stocks that fall

between the S&P/ASX 200 to 300). By comparison, most small companies funds are typically biased toward the ex-S&P/ASX100 to 200 range and large companies funds are typically biased to stocks within the S&P/ASX 100 Index.

Given the high risk/return profile of the Fund, Zenith believes it is best used as a satellite exposure to complement an investor's well diversified portfolio.

Portfolio turnover, whilst not targeted, is expected to be within the range of 60% p.a. to 80% p.a., which Zenith considers to be moderate to high. Investors should therefore be aware that a higher level of portfolio turnover may mean that a larger portion of the Fund's returns is likely to be delivered via short-term capital gains, to which high tax paying investors will need to pay particular attention.

RISKS OF THE INVESTMENT

SECTOR RISKS

The broad risks of investing in Australian micro cap equities include:

MARKET RISK: A sustained downturn in the Australian equity market could lead to negative performance. Furthermore, in market downturns, the small cap sector tends to underperform the large cap sector due to its higher "beta" characteristic. The Resources sector represents a significant portion of the S&P/ASX Emerging Companies index. Resource companies are highly correlated to commodity prices, as such, a fall in commodity prices is likely to have a negative impact on performance returns.

CONCENTRATION RISK: Many micro cap funds tend to be concentrated and high conviction, with relatively flexible risk management constraints. Performance may therefore diverge from that of the index, and competitors, over the short-term.

CAPACITY/LIQUIDITY RISK: Excessive levels of funds under management (FUM), particularly in the micro capitalisation sector of the market, has the potential to inhibit a manager's ability to trade portfolio positions effectively, and therefore limit outperformance potential. Zenith is cognisant that capacity constraints can vary depending on the underlying investment style and approach. Zenith will therefore assess capacity limits for each manager and strategy on an individual basis.

FUND RISKS

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

KEY PERSON RISK: Due to Eley's retirement, Zenith believes that Griffiths' importance to the ongoing viability of the business has increased materially. Whilst Griffiths' material equity ownership stake in EGG mitigates against his potential departure in the medium-term; EGG's reliance on Griffiths' business leadership and investment abilities has increased significantly. Should Griffiths depart the business, Zenith would immediately reassess our rating on the Fund. In addition, Zenith believes the departure of portfolio manager David Allingham would also be regarded as a considerable loss.

TRACK RECORD RISK: While Zenith acknowledges that there is a limited performance track record for the strategy

given its recent launch in January 2017, EGG's prescriptive and long standing investment process, utilised for its flagship Small Companies strategy, somewhat mitigates our concerns.

INVESTMENT TEAM FOCUS RISK: In addition to this Fund, the team is also responsible for Eley Griffiths Group Small Companies Fund which has substantially more FUM. Zenith believes that the team's commitment to the Small Companies Fund has the potential to draw focus away from this Fund.

CAPACITY/LIQUIDITY RISK: Excessive levels of funds under management (FUM) can inhibit a manager's ability to trade portfolio positions effectively and may therefore limit outperformance potential. As at 31 December 2017, EGG managed approximately \$A 23 million in the Emerging Companies strategy. EGG has identified that a capacity target for the Fund is approximately \$A 250 million to \$A 300 million. Given the current low level of FUM in the Emerging Companies strategy, capacity does not currently present an issue, however, Zenith will actively monitor FUM levels going forward.

EGG is cognisant that its competitors watch the firm closely, and as such aims to invest discreetly by minimising the number of stocks held where EGG would be considered a substantial holder (defined as owning 5% or more of the total number of votes attached to a stock's voting shares).

BENCHMARK RISK: The Fund invests in companies listed outside of the S&P/ASX 200 Index. However, Zenith notes that the Fund is benchmarked against the S&P/ASX Small Ordinaries Index. Accordingly, Zenith believes there is inconsistency between the Fund's benchmark and its investable universe. As such Zenith believes investors should be cognisant of the possibility that at different points in the market cycle, the Fund's performance may diverge materially from its stated benchmark. In addition, Zenith believes the Fund's performance fee is not aligned with a suitable benchmark.

CURRENCY RISK: Investments in international markets are exposed to changes in the value of the Australian dollar (AUD) relative to foreign currencies, which may lead to increased levels of volatility. The Fund is permitted to invest in stocks listed in stocks listed on the Australian and New Zealand stock exchanges.

QUALITATIVE DUE DILIGENCE

ORGANISATION

Established in early 2003 by Ben Griffiths and Brian Eley, the Eley Griffiths Group (EGG) is a boutique fund manager which specialises in the management of small companies portfolios. EGG is profitable, has no external shareholders and is fully owned by the investment team.

In November 2015, Zenith was advised that due to an ongoing personal health issue, Eley retired from the business. As a result of Eley's retirement, his equity was redistributed among the investment team. Griffiths and portfolio manager David Allingham own the majority of the firm, with the remaining equity owned by analyst Tim Serjeant and dealer Lachlan Ridhalgh.

EGG operates an outsourced business model with services such as accounting, legal, compliance, responsible entity

services, attribution analysis, IT systems and unit registry all outsourced to external third parties. This allows the investment team to focus solely on the investment aspects of the business, which Zenith views favourably. EGG's in-house office manager closely manages and monitors the firm's relationships with external service providers.

As at 31 December 2017, EGG managed approximately \$A 1.7 billion in funds under management (FUM). Zenith notes EGG's FUM is diversified across both retail and institutional channels, which we believe reduces the business risk associated with the departure of a key client.

As at 31 December 2017, EGG managed approximately \$A 23 million in the Emerging Companies strategy, all of which was invested in the retail unit trust.

INVESTMENT PERSONNEL

Name	Title	Tenure
Ben Griffiths	Portfolio Manager	15 Yr(s)
David Allingham	Portfolio Manager	13 Yr(s)

The investment team of four is led by portfolio manager Ben Griffiths, who has extensive experience in the management of Australian small cap portfolios. Prior to co-founding EGG, Griffiths jointly managed the small companies portfolios at ING Investment Management. Zenith has met with EGG's investment team on numerous occasions, and particularly holds Griffiths in high regard.

Griffiths previously co-led the investment team with Brian Eley, who retired in November 2015 due to an ongoing personal health issue. In the lead up to his eventual retirement, Eley had progressively scaled back his investment responsibilities over a period of a few years. In addition, EGG consolidated its offices to being based solely out of Sydney, having closed the Perth office.

David Allingham has been with EGG since October 2004, and has over 14 years of industry experience. As a result of Eley's retirement, Allingham assumed the role of portfolio manager, sharing responsibility for the Fund's portfolio construction with Griffiths.

Tim Serjeant joined EGG in July 2012 and has over 10 years of industry experience. Serjeant previously held the role of Associate Director at Argonaut Securities in Perth. Zenith notes that Serjeant has taken on additional stock coverage as a result of Eley's retirement, and we believe that his increasing familiarisation with EGG's investment process has further added to the depth of the investment team.

Nick Guidera is the newest addition to the team having joined the team from CLSA in September 2016 as an analyst.

Whilst the retirement of Eley in 2015 was a loss for EGG's investment capabilities, Zenith believes the succession planning program implemented by Eley and Griffiths was well thought out, and ensured that the team remained well-structured with respect to the coverage of the small cap universe. Zenith believes Griffiths is a high quality small cap investor, and we draw confidence from his strong track record in co-managing the strategy. In addition, Zenith retains confidence in the long-term working relationship between

Griffiths and Allingham.

INVESTMENT OBJECTIVE AND PHILOSOPHY

The Fund seeks to outperform the S&P/ASX Small Ordinaries Accumulation Index (net of fees) over rolling five year periods. Whilst not targeted, EGG seeks to achieve this objective within a relatively broad Tracking Error range of between 6% p.a. and 12% p.a.

Zenith would prefer to see the delineation of a specific outperformance target, as opposed to a descriptive, qualitative objective. Zenith believes this will provide investors with greater transparency with regards to returns expectations and to the level of risk embedded in the Fund.

EGG's investment process is based on the philosophy that markets do not always price small or micro cap companies efficiently and that these inefficiencies can be exploited using market experience, fundamental research and a robust stock selection process. Believing that the performance of a stock is driven by the strength of its management, industry structure, earnings profile and valuation, EGG adopts a fundamentally driven research process that equally weights both qualitative and quantitative factors in seeking to uncover mispriced securities.

As a result of EGG's bias towards well managed companies that are attractively valued relative to the market, Zenith would expect that the Fund would typically exhibit a 'growth at a reasonable price' (GARP) investment style.

EGG has utilised the same investment process to deliver strong excess returns within its small companies strategy since October 2003.

SECURITY SELECTION

EGG's process considers both qualitative and quantitative factors with each factor equally weighted when determining the score for each company.

The Fund's initial investment universe includes all companies listed on the ASX that lie outside the S&P/ASX 200 Index.

EGG's qualitative analysis is conducted in two stages and includes a broader assessment of the industry in which a company operates, and a qualitative assessment as to the quality of a company's management team. For the Emerging Companies strategy, EGG places additional emphasis on companies that can exhibit the following characteristics:

- Organic growth as opposed to growth via acquisitions
- Positive cashflow versus negative cashflow

Industry analysis focuses on the outlook for the industry and is used to determine a company's relative position within the broader sector. The criteria assessed includes:

- The total addressable market for the industry relative to GDP
- Barriers to entry
- Risk of changes to the regulatory environment
- Actual and potential competitors
- Substitutes of the company's product available to customers
- Supply and demand outlook
- Bargaining power of customers and suppliers
- Depth and breadth of customer base

- The company's pricing power

Stock specific analysis includes the evaluation and assessment of company management. In order to ensure consistency in the assessment of company management, EGG uses a standard template which consists of the following criteria:

- Management track record
- Capital management
- Shareholder alignment
- Strategic plan

Each criteria is scored from 0 to 10 by the team for all companies researched. These scores are then multiplied by their assigned weights to arrive at the total qualitative score for each company. The weights assigned to each factor are based on the investment team's perceived level of importance of each factor and its impact on the company's return to shareholders and ultimately the company's share price. Management factors typically account for 60% of the total qualitative score while industry factors make up the remaining 40%.

The qualitative assessment of companies within the investment universe is conducted in the month following reporting season (in February and August each year), although a company's score can be adjusted more frequently as required.

In conducting this analysis, the investment team undertakes a rigorous company visitation program, including interviewing company management and where possible, inspecting the company's operations. This is regarded by EGG as being essential to building a deep understanding of a company and its prospects. EGG's assessment is further developed through contact with a company's competitors, suppliers, customers and by consulting a wide range of other industry participants that have the potential to contribute to EGG's views.

EGG's company valuation methodology has been developed internally and is based on specific financial data sourced from a company's annual report and appendices. For ease of comparison this data is in the format prescribed by the ASX and is applied consistently across all companies under coverage. Based on this financial information, EGG has produced a library of approximately 120 company specific models. Company data is updated ad hoc and when yearly results are announced the models are dynamically updated via the live pricing data received from the IRESS Market Technologies system.

EGG's company valuation models are designed to project the balance sheet, earnings per share (EPS), revenue and cashflow generation for the next three reporting periods. Key assumptions on revenue streams and margins are entered into the model, based on EGG's research. The financial models contain in-built integrity checks, which include reconciliation of a company's profit & loss statements, balance sheets and cashflow statements. This helps to ensure consistency across income and capital items. Instead of focusing purely on EPS growth, the output from EGG's models also highlight a company's revenue growth to reflect the emergent nature of the micro cap companies that comprise the Fund's investable universe. A valuation for each stock is then derived and results in a quantitative score for each company.

EGG then combines the qualitative and quantitative scores (equally weighted) to provide an overall score for each

company researched. Each stock is then statistically ranked, with this ranking being the key determinant of security selection and portfolio construction decisions.

In Zenith's view, EGG's stock selection process promotes consistency and transparency, ensuring that all assessment criteria that the team deems important are formally assessed and scored. Zenith believes the EGG security selection process provides a highly disciplined and comprehensive framework for company analysis.

PORTFOLIO CONSTRUCTION

Constructed by Griffiths and Allingham, EGG's portfolio construction process is systematic and quantitatively driven, whilst still providing the portfolio managers with the opportunity to qualitatively incorporate their views into the portfolios.

The portfolio is largely constructed through an internally developed algorithm called SCOPE (Small Companies Optimal Portfolio Evaluation). SCOPE is designed to translate stock scores derived during the security selection stage, into recommended active positions. Whilst noting that this process is largely quantitative, Zenith believes that it provides a useful reference to EGG's fundamental stock research process, ensuring consistency between the underlying stock scores and recommended stock weightings in the portfolio. SCOPE also takes into account the portfolio's risk management constraints including minimum absolute and relative position sizes, maximum active stock weights, liquidity and maximum percentage ownership levels of any one stock.

EGG's stock research process results in each stock of interest having a score that is an equally weighted combination of EGG's qualitative and quantitative analysis. The portfolio buy/sell decision is therefore a logical outcome of the changes in each individual stock ranking relative to the universe. These rankings will change as underlying scores change.

EGG's process allows for tactical deviations of up to 1% per stock (subject to not breaching risk limits) from the weightings recommended by SCOPE. This overlay is shorter-term in nature and allows the portfolio managers to compensate for information that is not incorporated by the stock selection model such as corporate actions, merger and acquisition activity and short-term cyclical influences. In exercising the tactical overlay, the portfolio managers leverage the insights of their extensive industry contacts. Zenith notes that historically the tactical overlay step has only been implemented for a small number of stocks in the portfolio, and justification by the portfolio manager is required for a tactical deviation to occur. Griffiths and Allingham determine the tactical deviations from the SCOPE model.

The Fund is expected to typically hold between 35 and 55 stocks, with maximum active position sizes limited to 7%. Cash exposures are permitted to be held at a maximum weighting of 50%. Whilst Zenith is cognisant that elevated cash limits are required to manage the liquidity risks apparent in micro cap stocks, going forward we would prefer the Fund to hold significantly lower levels of cash than the limit of 50%.

The Fund has a strict sell discipline for stocks which enter the S&P/ASX 200 Index, by selling them within three months. Whilst Zenith believes this sell discipline ensures the Fund remains a true Australian equities micro cap exposure, we

would prefer greater flexibility in the removal of these positions. For example, a 12 month divestment rule allows for the benefit of the capital gains discount.

EGG places a high level of importance on the execution of trades and therefore provides detailed instructions for brokers regarding transaction price. Broker execution is monitored on an ongoing basis by EGG. EGG believes that even small gains that can be made at this stage of the process are worthwhile pursuing. EGG will reward brokers with their business when they deliver solid execution results or highlight worthwhile stock ideas to EGG. EGG currently has a panel of 21 brokers, categorised into three groups (rated A, B or C), that it deals with.

Zenith rates EGG's portfolio construction approach highly as it ensures a strong correlation between individual stock scores and the weight of the stock in the portfolio. Zenith believes that EGG's fully integrated security selection and portfolio construction approach ensures that the team's highest ranked stocks are included in the final portfolio at a weighting that reflects the analyst's conviction in the stock.

In light of the changes to EGG's investment team, Zenith believes the systematic portfolio construction methodology is important in providing continuity in the application of EGG's investment process. Zenith will continue to monitor the composition of the Fund and portfolio performance.

RISK MANAGEMENT

Portfolio Constraints	Description
Security Numbers	35 to 55
Weight - Security Rel. Index (%)	-7% to 7%
Weight - Holding Rel. Issued Capital (%)	max: 10%
Cash (%)	0% to 50%
Portfolio Turnover (%)	Approx. 60% p.a. to 80% p.a.

Risk is managed at the portfolio level with reference to a series of predetermined risk limits listed in the table above.

EGG seeks to manage risks at the both the stock and portfolio level. At the stock level, EGG's fundamental research effort into understanding the key drivers and risks to a company's future cash flows is the primary risk management tool.

EGG is cognisant that its competitors watch the firm closely, and as such aims to invest discreetly by minimising the number of stocks held where EGG would be considered a substantial holder (defined as owning 5% or more of the total number of votes attached to a stock's voting shares). As at 31 December 2017, EGG was not a substantial shareholder in any of the Fund's 53 holdings.

Overall, Zenith views EGG's portfolio construction constraints as being broadly consistent with its peers.

INVESTMENT FEES

The sector average management cost (in the table below) is based on the average management cost of all flagship Australian micro cap funds surveyed by Zenith.

The Fund charges a management cost of 1.23% p.a. and a performance fee of 15%. The performance fee is charged against the net excess returns over the performance hurdle (S&P/ASX Small Ordinaries Index) and is subject to all prior benchmark underperformance being recouped. In addition, the Fund's total return must also be positive in the assessed period for the performance fee to be payable. It is calculated and accrued daily and paid semi-annually.

Zenith understands that there is little overlap between the Fund's investment universe and the benchmark, against which a performance fee is measured. Therefore, Zenith believes the Fund's performance fee is not aligned with a benchmark that is reflective of its investment opportunity set.

For any fund that charges a performance fee, Zenith would prefer to see in place an additional excess return hurdle (i.e. a target return above the index other than base management fee) and considers this best practice.

Overall, Zenith believes the Fund's fee structure to be fair, relative to peers, given its stated objectives. However, there is insufficient performance data at this stage to conduct meaningful analysis on whether the fees paid are justified.

There is also a buy/sell spread of 0.242% charged on Fund entry and exit.

(The fees mentioned above are reflective of the flagship version only, fees may differ when the product is accessed through an alternate investment vehicle such as a platform.)

Fees Type	Fund	Sector Average (Wholesale Funds)
Management Cost	1.23% p.a.	1.22% p.a.
	Description	
Performance Fee	15.375% inc. GST net of RITC of the amount by which the Fund outperforms its benchmark subject to all prior benchmark underperformance being recouped	
	Buy Spread	Sell Spread
Buy / Sell Spread	0.24%	0.24%

PERFORMANCE ANALYSIS

Report data: 31 Jan 2018, product inception: Mar 2017

Monthly Performance History (% , net of fees)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FUND YTD	BENCHMARK YTD
2018	2.92												2.92	2.07
2017			1.01	-0.25	-0.56	3.94	3.87	5.19	2.25	6.84	2.00	4.87	32.95	16.88

Benchmark: S&P/ASX Emerging Companies

ABSOLUTE PERFORMANCE ANALYSIS

Return	Incpt.	6 mth	3 mth
Fund (% p.a.)	36.83	26.50	10.08
Benchmark (% p.a.)	19.30	24.33	12.80
Benchmark 2 (% p.a.)	20.78	17.66	6.66
Ranking within Sector	Incpt.	6 mth	3 mth
Fund Ranking	2 / 11	3 / 11	7 / 12
Quartile	1st	1st	3rd
Standard Deviation	Incpt.	6 mth	3 mth
Fund (% p.a.)	7.63	6.08	4.14
Benchmark (% p.a.)	11.26	4.65	5.58
Downside Deviation	Incpt.	6 mth	3 mth
Fund (% p.a.)	0.59	0.00	0.00
Benchmark (% p.a.)	5.92	0.00	0.00
Risk/Return	Incpt.	6 mth	3 mth
Sharpe Ratio - Fund	4.61	4.21	2.33
Sortino Ratio - Fund	59.69		

For consistency purposes Zenith benchmarks all funds categorised within our Micro Cap Companies sub-asset class against the S&P/ASX Emerging Companies Index. Accordingly all performance and risk measurements are calculated with the Zenith assigned index. This is not the stated benchmark of the Fund.

All commentary below is as at 31 January 2018.

The Fund seeks to outperform the S&P/ASX Small Ordinaries Accumulation Index (net of fees) over rolling five year periods.

Given the Fund's recent inception, there is currently insufficient performance history to conduct meaningful analysis.

Whilst Zenith recognises that the Fund's strategy is new, we believe EGG will be able to successfully leverage its long standing investment process within the micro cap space. EGG has utilised this process to deliver strong excess returns within its small companies strategy since October 2003.

RELATIVE PERFORMANCE ANALYSIS

Alpha Statistics	Incpt.	6 mth	3 mth
Excess Return (% p.a.)	17.54	2.17	-2.72
% Monthly Excess (All Mkts)	72.73	50.00	33.33
% Monthly Excess (Up Mkts)	62.50	50.00	33.33
% Monthly Excess (Down Mkts)	100.00		
Beta Statistics	Incpt.	6 mth	3 mth
Beta	0.51	0.31	0.46
R-Squared	0.56	0.06	0.38
Tracking Error (% p.a.)	7.49	6.73	4.45
Correlation	0.75	0.24	0.62
Risk/Return	Incpt.	6 mth	3 mth
Information Ratio	2.34	0.32	-0.61

All commentary below is as at 31 January 2018.

Given the Fund's recent inception, there is currently insufficient performance history to conduct meaningful analysis.

DRAWDOWN ANALYSIS

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.

All commentary below is as at 31 January 2018.

Given the Fund's recent inception, there is currently insufficient performance history to conduct meaningful analysis.

INCOME/GROWTH ANALYSIS

The Fund does not target specific income levels.

Distributions will be made annually where possible in June.

Portfolio turnover, whilst not targeted, is expected to be within the range of 60% p.a. to 80% p.a., which Zenith considers to be moderate to high. Investors should therefore be aware that a higher level of portfolio turnover may mean that a larger portion of the Fund's returns is likely to be delivered via short-term capital gains, which high tax paying investors will need to pay particular attention to.

REPORT CERTIFICATION

Date of issue: 26 Feb 2018

Role	Analyst	Title
Author	Tom Goodrich	Associate Investment Analyst
Sector Lead	Quan Nguyen	Senior Investment Analyst
Authoriser	Bronwen Moncrieff	Head of Research

RATING HISTORY

As At	Rating
26 Feb 2018	Recommended
9 Mar 2017	Recommended
7 Feb 2017	Not Rated - Screened Out
Last 5 years only displayed. Longer histories available on request.	

DISCLAIMER AND DISCLOSURE

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