



Small Companies Fund Monthly Report

January 2018

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) rose +0.61% for the month, outperforming the market by 1.15%. January saw a continuation of the themes we've alluded to in recent editions. Energy was again a strong performer from a sectoral perspective, with our holding in US based, unconventional oil play Australis (+59%), a meaningful contributor to SCF. A weaker US\$ (DXY -3.25%) continued to spur commodity prices higher and after a benign few months, a sell-off in long dated treasuries (US 10yr yields +12.4%) saw rate sensitives names (eg REITs) underperform. Navigator Global Investments (formerly HFA) was another strong contributor to SCF, largely on back of fund flows in the December Q exceeding expectations. Navigator is comfortably the cheapest of the listed fund managers, a discount to market and was seemingly priced for little growth. Speaking of

Unit Price at 31 January 2018

Application	\$2.3826
Redemption	\$2.3708
Fund Size	\$493 million
# stocks held	59

navigating, despite the gloom engulfing retail, speciality players in Lovisa and Adairs delivered further earnings upgrades in January. Sector exposures aside, it is this style of stock, priced at or around market multiples and where there is a positive change to earnings momentum, we think will be in vogue in 2018. M&A will be in vogue also. We've seen a third player (Mitsui) join the race for control of AWE and its Waitsia onshore gas asset. Oncology device company, Sirtex, received what appears to be a 'knockout' offer (pitched at a 49% premium) from US suitor Varian Medical Systems; the third instance in as many months (Aconex and Mantra the others) we've have seen offshore suitors emerge for 'beaten up' small cap names.

Performance Statistics to 31 January 2018

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+0.61%	+6.47%	+20.24%	+11.04%	+7.17%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-0.54%	+6.65%	+22.35%	+6.39%	+1.48%
Outperformance	+1.15%	-0.18%	-2.11%	+4.64%	+5.69%

* 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 Metals X |
| 2. Australis Oil & Gas | 2. Netwealth Group |
| 3. Navigator Global Investments | 3. Saracen Mineral Holdings |

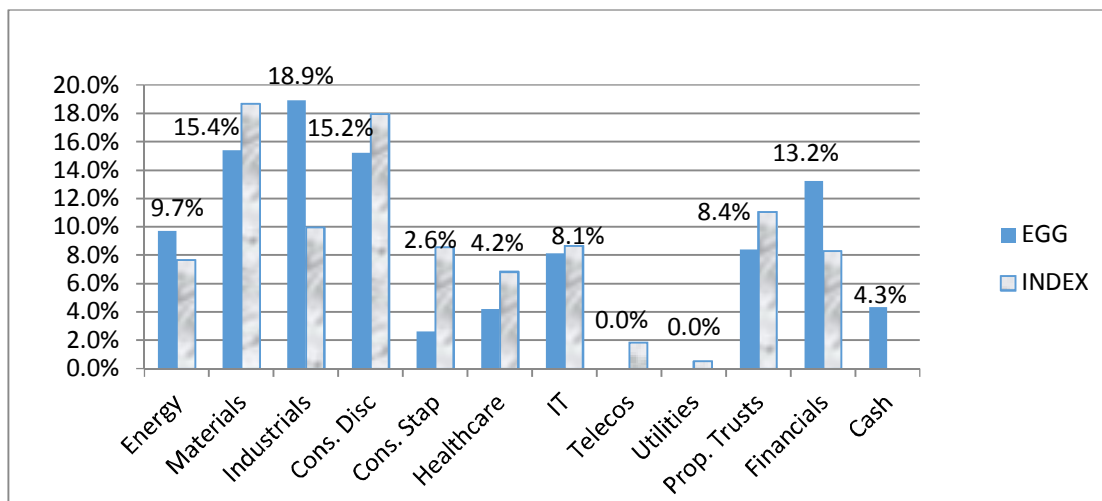
* In alphabetical order, as at 31 January

Top 10 Holdings*

Name	Industry
1. Afterpay Touch Group Ltd	Information Technology
2. ARB Corp Ltd	Consumer Discretionary
3. Cleanaway Waste Management Ltd	Industrials
4. Saracen Mineral Holdings Ltd	Materials
5. Seven Group Holdings Ltd	Industrials
6. Sims Metal Management Ltd	Materials
7. SmartGroup Corp Ltd	Industrials
8. Steadfast Group Ltd	Financials
9. Whitehaven Coal Ltd	Energy
10. WorleyParsons Ltd	Energy

* In alphabetical order, as at 31 January

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

Morningstar December 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
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