



Small Companies Fund Monthly Report

March 2018

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) outperformed a softer market by 0.63% in March. Commodities had a tougher month (ex Oil), particularly base and bulk names, with Small Resources underperforming Industrials by 2.3%. The escalating tariff war between the US and China hasn't helped sentiment, but the more pertinent issue for the complex has been the delayed re-start to activity levels in China post New Year (remembering China accounts for 40-70% of demand now for most commodities). Energy names remain well supported, enhanced by Harbour Energy's renewed corporate interest in large cap name, Santos. The 'battery material' stocks (lithium, graphite, nickel etc) now account for ~7% of the benchmark and have underperformed the market CYTD given the heightened volatility. Whilst gold prices remain range bound, the equities themselves, particularly

Unit Price at 31 March 2018

Application	\$2.3597
Redemption	\$2.3483
Fund Size	\$480 million
# stocks held	59

the established mid-tier producers, are breaking to cycle highs on the global backdrop and weakening A\$ (higher received price for domestic producers). Our holding in Saracen (+9.5%) has benefitted from this dynamic. Premier Investments (+15.7%) was also a strong contributor to SCF performance in March on a solid 1H18 result. Whilst the retail backdrop hasn't been favourable, we're confident Premier can continue to grow nicely above trend. The expanded margin opportunity as the Smiggle and Peter Alexander rollout evolves (becoming a larger proportion of group earnings) is well understood in the market. We think an opportunity on rental costs will emerge in time as well, further boosting returns.

Performance Statistics to 31 March 2018

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	-1.66%	-0.36%	+21.20%	+10.91%	+6.81%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-2.29%	-2.79%	+14.99%	+6.45%	+1.36%
Outperformance	+0.63%	+2.43%	+6.21%	+4.46%	+5.45%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month;	Our biggest detractors for the month;
1. Ebos Group	1. Afterpay Touch Group
2. Premier Investments	2. Metals X
3. Saracen Mineral Holdings	3. Sims Metal Management

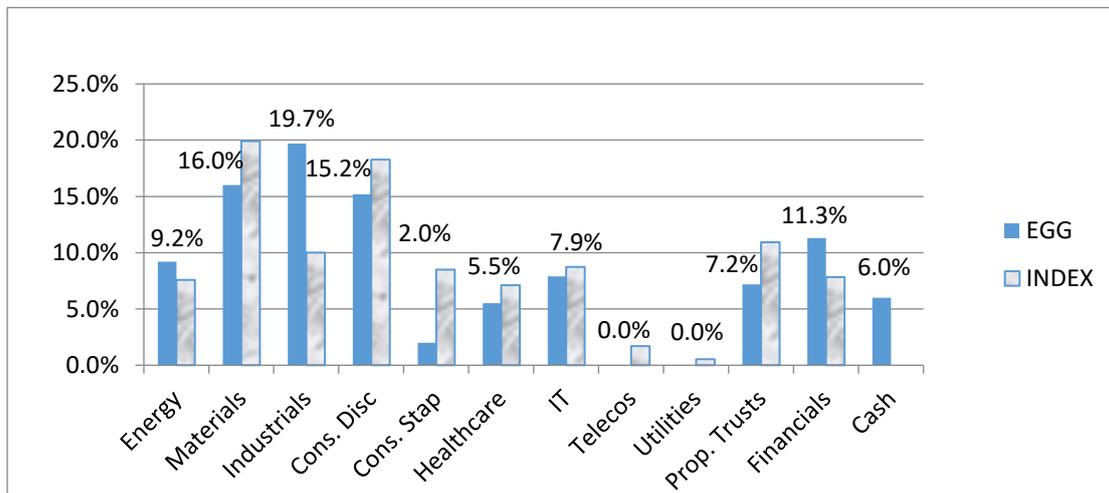
* In alphabetical order, as at 31 March

Top 10 Holdings*

Name	Industry
1. ARB Corp Ltd	Consumer Discretionary
2. Cleanaway Waste Management Ltd	Industrials
3. EBOS Group Ltd	Health Care
4. Premier Investments Ltd	Consumer Discretionary
5. Reliance Worldwide Corp Ltd	Industrials
6. Saracen Mineral Holdings Ltd	Materials
7. Seven Group Holdings Ltd	Industrials
8. Sims Metal Management Ltd	Materials
9. SmartGroup Corp Ltd	Industrials
10. Whitehaven Coal Ltd	Energy

* In alphabetical order, as at 31 March

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

Lonsec February 2018	Recommended 2 nd Highest Rating	Zenith February 2018	Recommended 2 nd Highest Rating
		http://eleygriffiths.com.au/news-reports/	

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