



Emerging Companies Fund Monthly Report

April 2018

Portfolio Performance and Strategy

The Emerging Companies Fund (ECF) was +0.75% in April. Resource outperformance over Industrials was stark (6.9% v 1.5%), which dragged on relative performance. Energy was again the strongest performing sector, with share prices responding to positive EPS revisions as analysts' mark-to-market their commodity price forecasts. Brent (+8.5%) is a standout in this regard; consensus at the start of CY18 was ~\$61/bbl, YTD ~\$70 and spot is ~\$75, suggesting further upward revisions are likely. We have Horizon Oil (+11%), among others, exposed to this dynamic. Nickel miner Panoramic Resources (+15%) was a strong attributor to ECF. It is restarting the Savannah operation, producing >10kt Ni in concentrate, as well as copper and cobalt credits. Its offtake remains uncommitted beyond 2019, which is important in a tightening nickel sulphide market (not much in the way of new supply) and long term

Unit Price at 30 April 2018

Application	\$1.3172
Redemption	\$1.3108
Fund Size	\$32 million
# stocks held	49

demand fundamentals are favourable (EV related). Despite the recent run, we think there is more upside in this name. We still like Synlait Milk (+18%) too, as it continues to grow output with its key infant formula partner, A2 Milk. Synlait is investing heavily to expand its facility footprint (to the North Island in NZ) as well as new product initiatives with other brands. We think a sizeable disconnect between the equity value attributed to brand owners vs the manufacturers remain that will correct in time. Licensing and certification resides with the manufacturing facilities and is the critical item for brand owners looking to grow into lucrative markets such as China. Synlait is a strong play on this dynamic we believe.

Performance Statistics to 30 April 2018

	1 Month %	3 Month %	6 Month %	1 Year %	Inception % p.a.
EGG Emerging Companies Fund (ECF)	+0.75%	-2.25%	+7.61%	+32.75%	+28.53%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+2.75%	+0.44%	+7.11%	+18.45%	+18.00%
Outperformance	-2.00%	-1.81%	+0.50%	+14.30%	+10.53%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month;	Our biggest detractors for the month;
1. Panoramic Resources	1. Afterpay Touch Group
2. Praemium	2. OM Holdings
3. Synlait Milk	3. Wagners Holding Co

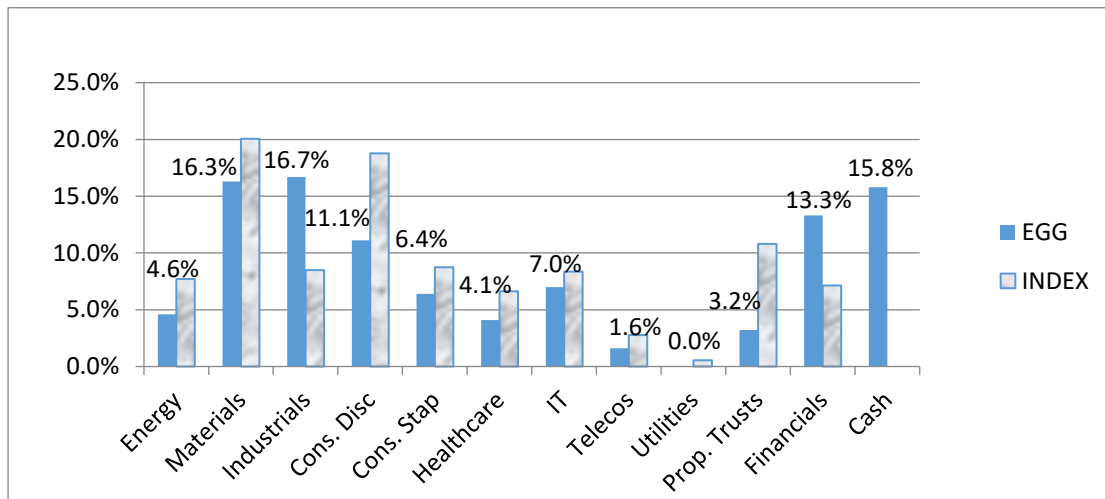
* In alphabetical order, as at 30 April

Top 10 Holdings*

Name	Industry
1. Afterpay Touch Group Ltd	Information Technology
2. Alliance Aviation Services	Industrials
3. Emeco Holdings Ltd	Industrials
4. Helloworld Travel Ltd	Consumer Discretionary
5. Homeloans Ltd	Financials
6. IMF Bentham	Financials
7. Jumbo Interactive Ltd	Consumer Discretionary
8. Noni B Ltd	Consumer Discretionary
9. Panoramic Resources	Materials
10. Synlait Milk	Consumer Staples

* In alphabetical order, as at 30 April

Eley Griffiths Group Emerging Companies Fund by Sector



Eley Griffiths Group Ratings

Lonsec February 2018	Highly Recommended Highest Rating	Zenith February 2018 http://eleygriffiths.com.au/news-reports/emerging-companies-fund/	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 Emerging 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.