



Emerging Companies Fund Monthly Report

May 2018

Portfolio Performance and Strategy

The Emerging Companies Fund (ECF) was +6.45% in May. With increased volatility, we are starting to see bifurcation emerge in different areas of the market, which is helping performance. Within the Mining Services space, we are seeing the asset utilisation stories like Emeco (+26.5%) outperform the more lump-sum contract (EPC) focused peers. So too the independent platform providers within financial services, the likes of Hub24 (+24.2%) are strengthening their market position as the bank-aligned channels continue to cede share. We've seen bifurcation in commodities too. For oil, WTI is trading at a \$10 discount to Brent as the logistics supply chain in the US struggles to keep pace with onshore production. Along with Afterpay (+30.5%) and Emeco, a few newer names to the portfolio helped drive returns in May. Aurelia Metals (+55.8%) is a ~200koz pa gold (includes base metal

Unit Price at 31 May 2018

Application	\$1.4021
Redemption	\$1.3953
Fund Size	\$35 million
# stocks held	50

credits) producer. A strong board (ties to Evolution Mining), a timely acquisition (the neighbouring Peak mine) that is tracking ahead of expectations and an attractive valuation (~3x EBITDA) make for a solid investment case. Based on peer production comps, we think the stock can trade ~A\$3,500/oz which would imply further upside from here, despite the run. Footwear retailer Accent Group (+26.7%) has been a strong performer too. The arrival of Brett Blundy (Lovisa, Adairs, Aventus fame) and prospect of taking the Platypus brand offshore, coupled with a revival in the product pipeline of key partners (Sketchers, Nike etc) has driven better comp sales and a significant re-rating of the stock.

Performance Statistics to 31 May 2018

	1 Month %	3 Month %	6 Month %	1 Year %	Inception % p.a.
EGG Emerging Companies Fund (ECF)	+6.45%	+5.94%	+12.30%	+42.11%	+32.86%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+3.70%	+4.11%	+6.89%	+25.40%	+20.14%
Outperformance	+2.75%	+1.83%	+5.41%	+16.71%	+12.72%

* 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. 3P Learning
2. Aurelia Metals	2. Decmil Group
3. Emeco Holdings	3. Galena Mining

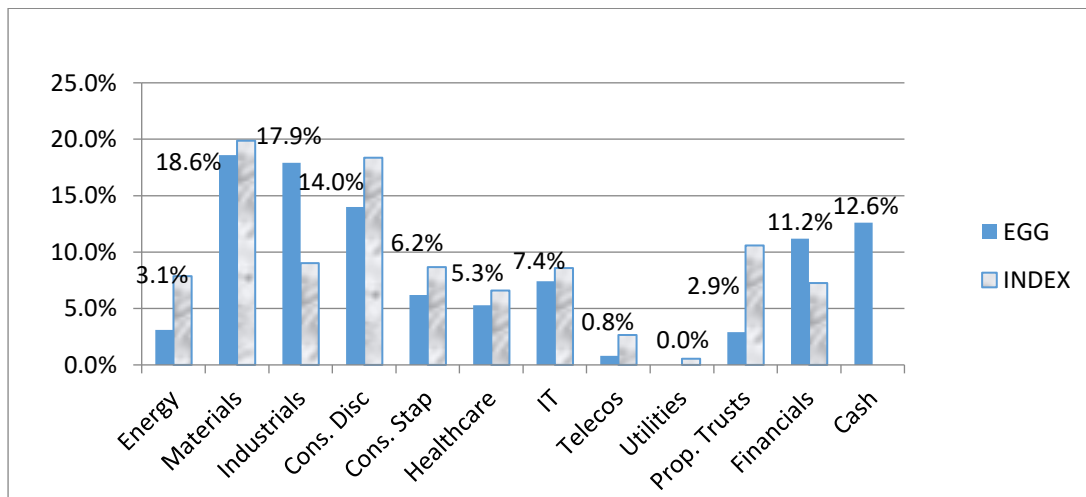
* In alphabetical order, as at 31 May

Top 10 Holdings*

Name	Industry
1. Accent Group Ltd	Consumer Discretionary
2. Afterpay Touch Group Ltd	Information Technology
3. Alliance Aviation Services	Industrials
4. Aurelia Metals Ltd	Materials
5. Emeco Holdings Ltd	Industrials
6. Helloworld Travel Ltd	Consumer Discretionary
7. Jumbo Interactive Ltd	Consumer Discretionary
8. Noni B Ltd	Consumer Discretionary
9. Synlait Milk	Consumer Staples
10. West African Resources Ltd	Materials

* In alphabetical order, as at 31 May

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
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