



Small Companies Fund

Monthly Report

May 2018

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) was +4.94% in May; compounding the gains from April. With increased volatility, we are starting to see bifurcation emerge in different areas of the market, which is assisting performance. Within the Mining Services space, the asset utilisation stories like Emeco (+26.5%) and Seven Group (+8.4%) are outperforming the lump-sum contract (EPC) focused peers. In Tech, the fortunes of Xero (+7.7%) versus Myob (-13.5%), operating in the online accounting channel, has never been starker. So too the independent platform providers within financial services, as Netwealth (+25.7%) and 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 (was parity at \$50/bbl a year ago), as the

Unit Price at 31 May 2018

Application	\$2.5453
Redemption	\$2.5330
Fund Size	\$514 million
# stocks held	58

logistics supply chain in the US struggles to keep pace with onshore production. Two sizeable offshore acquisitions in the plumbing space by Reece (+13.4%) and Reliance (+25.3%) captivated the market's attention. We don't own Reece but Reliance (RWC) is a Top 10 holding for SCF. The John Guest deal provides RWC with immediate scale in the UK & Europe, something it lacked, as well as product adjacencies (plastic PTC, water) and expanded distribution opportunities. Our holding in lithium producer Galaxy (+14%) was re-rated following a deal with Posco on its Sal da Vida brine project in Argentina. The 'see-through' valuation implied plus enhanced funding flexibility should see the stock well supported in the near term.

Performance Statistics to 31 May 2018

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+4.94%	+6.07%	+33.23%	+13.30%	+6.89%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+3.70%	+4.11%	+25.40%	+9.69%	+1.26%
Outperformance	+1.24%	+1.96%	+7.83%	+3.61%	+5.63%

* 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 Ausdrill
2 Emeco Holdings	2 Jupiter Mines
3. Reliance Worldwide	3. Peet

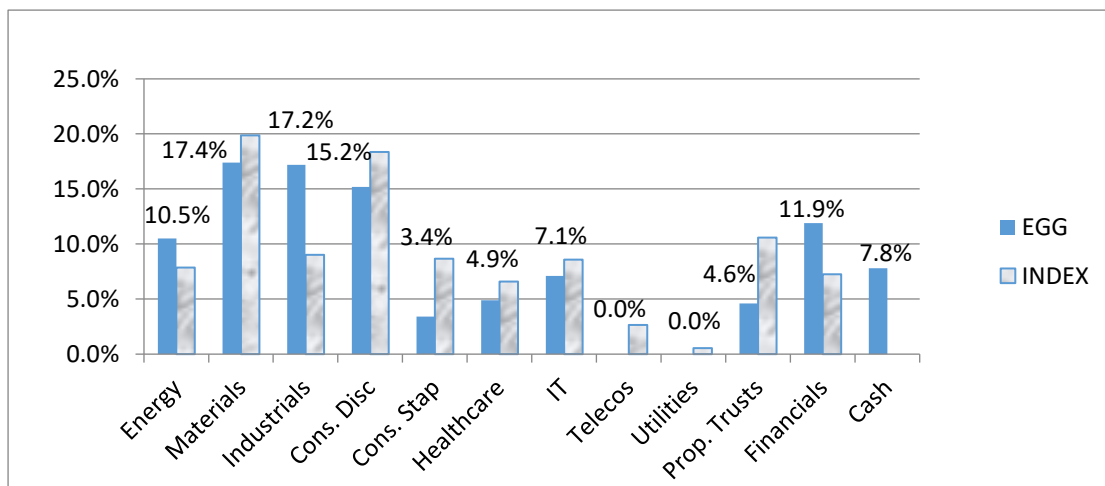
* In alphabetical order, as at 31 May

Top 10 Holdings*

Name	Industry
1. Afterpay Touch Group Limited	Information Technology
2. ARB Corp Ltd	Consumer Discretionary
3. Cleanaway Waste Management Ltd	Industrials
4. Platinum Asset Management	Financials
5. Premier Investments Ltd	Consumer Discretionary
6. Reliance Worldwide Corporation Ltd	Industrials
7. Saracen Mineral Holdings Ltd	Materials
8. Seven Group Holdings Ltd	Industrials
9. Sims Metal Management Ltd	Materials
10. Whitehaven Coal Ltd	Energy

* In alphabetical order, as at 31 May

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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