



# Small Companies Fund Monthly Report

## June 2018

### Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) was +2.18% in June, delivering a 32.85% return over FY18. Small Caps outperformed the ASX100 by 12.2% over this period, albeit by only 45bps in the last 6 months. Better performers for June included Afterpay (+19.6%) as the market begins to value the US opportunity following early traction with key fashion retailers. Aurelia Metals (AMI) is a new holding in SCF following our participation in a recent liquidity event. AMI is a ~200koz pa gold (includes base metal 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. Fund of hedge funds, Navigator Global Investments (+16.1%) continued its re-rate as the market digests the significance of the recent Mesirov

### Unit Price at 30 June 2018

<b>Application</b>	\$2.6007
<b>Redemption</b>	\$2.5881
<b>Fund Size</b>	\$528 million
<b># stocks held</b>	59

transaction (~60% uplift in AUM). Ausdrill (-27%) detracted on a ~10% reduction to FY19 earnings estimates (following changes to contract scope across a handful of projects) ahead of a new CEO appointment. The macro backdrop is at an interesting juncture. Global growth indicators are showing signs of fatigue (ex-US), financial conditions are tightening (be it trade related or policy induced), stress is appearing in select emerging economies and 'trade war' angst is hurting sentiment. This has manifested in a stronger US\$ / weaker commodity complex of late. We think this may prove short lived and maintain the pro-cyclical stance, albeit portfolio settings are more 'balanced' compared with 6-9 months ago.

### Performance Statistics to 30 June 2018

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
<b>EGG Small Companies Fund</b>	+2.18%	+10.21%	+32.85%	+14.61%	+8.04%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index (XSOAI)</b>	+1.06%	+7.67%	+24.25%	+11.56%	+2.59%
<b>Outperformance</b>	<b>+1.12%</b>	<b>+2.54%</b>	<b>+8.63%</b>	<b>+3.05%</b>	<b>+5.45%</b>

\* 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 Aurelia Metals	2. Galaxy Resources
3. Navigator Global Investments	3. Metals X

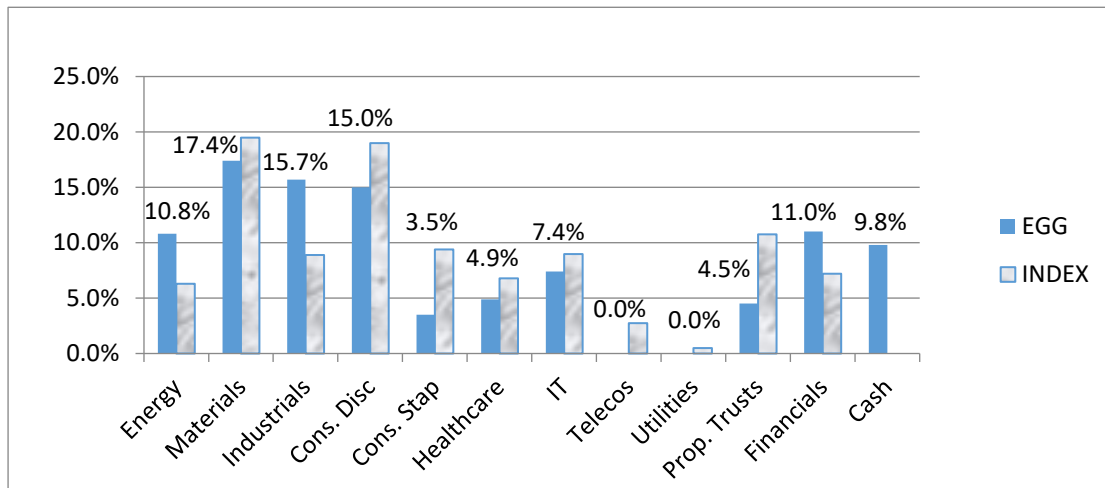
\* In alphabetical order, as at 30 June

## 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. Emeco Holdings	Industrials
5. Premier Investments Ltd	Consumer Discretionary
6. Reliance Worldwide Corporation Ltd	Industrials
7. Saracen Mineral Holdings Ltd	Materials
8. Sims Metal Management Ltd	Materials
9. Whitehaven Coal Ltd	Energy
10. Worley Parsons	Energy

\* In alphabetical order, as at 30 June

## Eley Griffiths Group Small Companies Fund by Sector



## Eley Griffiths Group Ratings

<b>Lonsec</b> February 2018	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating	<b>Zenith</b> February 2018	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
		<a href="http://eleygriffiths.com.au/news-reports/">http://eleygriffiths.com.au/news-reports/</a>	

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