



# Small Companies Fund

## Monthly Report

### December 2011

#### Portfolio Performance and Strategy

After a reasonably encouraging start, equities once again came under selling pressure, denying investors the usual "Santa Claus" rally into the end of the year. Investors were again faced with a plethora of macro data including increasing concerns of a potential break-up of the Eurozone, further evidence of the resilience of the US economy and the domestic market hit by a number of profit warnings (mainly in the retailing space) suggesting a deteriorating consumer and employment environment. The Eley Griffiths Group Small Companies Fund outperformed the Small Ordinaries Accumulation Index by 1.79% for the month of December, and 6.63% for the calendar year. 2011 proved to be one of the more challenging years for equity investors with the small ordinaries benchmark declining -21.43%. After a reasonably positive start with the market

#### Unit Price as at 31 December 2011

Application	\$1.5213
Redemption	\$1.5092
Fund Size	\$492 million
No. of stocks in portfolio	47

peaking in March, risk aversion began to move higher reflecting the increasing uncertainty around the European financial system and the ability of Governments to orchestrate a sustainable resolution. 2011 saw almost 40 takeover approaches in the small end of the market, while the small industrials accumulation index (-12.77%) outperformed the small resources accumulation index (-31.76%) for the year. The RBA continued its easing cycle, cutting the cash rate by a further 25bps to 4.25%. Market expectations are shifting to further cuts in early 2012, reflecting the slowing momentum in the domestic economy. Our cash levels closed December at approximately 7.0%.

#### Performance Statistics to 31 December 2011

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	-2.51%	+1.61%	-14.80%	+17.85%	+0.54%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	-4.30%	-0.60%	-21.43%	+11.83%	-5.18%
<b>Out performance</b>	<b>+1.79%</b>	<b>+2.21%</b>	<b>+6.63%</b>	<b>+6.02%</b>	<b>+5.72%</b>

\* Fund returns are calculated before fees are deducted.

## Top 10 Stocks\*

	Portfolio Weight
1 Regis Resources Limited	4.05%
2 NRW Holdings Limited	3.69%
3 SAI Global Limited	3.67%
4 Aurora Oil & Gas Limited	3.60%
5 Adelaide Brighton Limited	3.51%
6 Ausdrill Limited	3.45%
7 Alacer Gold Corp.	3.28%
8 Mermaid Marine Australia	3.04%
9 Fleetwood Corporation Ltd	2.97%
10 iiNet Limited	2.90%
<b>Top 10 Stocks</b>	<b>34.16%</b>
<b>Other Stocks</b>	<b>61.99%</b>
<b>Cash</b>	<b>3.85%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 30<sup>th</sup> November 2011

## Attribution

The portfolio was overweight 5 of the index's top 10 performing stocks (by index point contribution) being Gloucester Coal (+11.83%), Silex Systems (+23.12%), InvoCare (+6.35%), Carsales.com (+4.15%) and Extract Resources (+5.74%). The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being Beach Energy (-12.41%), Flight Centre (-14.57%) and Perseus Mining (-15.49%).

## Portfolio Changes

**Additions:** The Reject Shop (company review).

**Deletions:** Coal & Allied (taken over).

## Market Sector Exposure\*

	Fund %
Materials	26.3%
Energy	15.8%
Industrials	21.9%
Consumer Disc	16.7%
Healthcare	0.0%
Consumer Staples	1.2%
Financials	6.5%
Information Tech	4.8%
Telecoms	2.9%
Utilities	0.0%
Property Trusts	0.0%
Cash	3.8%
<b>Total</b>	<b>100%</b>

## Eley Griffiths Group ratings

Rating Company	Rating
Morningstar	Highly Recommended Highest Rating
Standard & Poor's	★★★★★ - 5 stars Highest Rating
Lonsec	Recommended 2 <sup>nd</sup> Highest Rating
Zenith	Highly Recommended Highest Rating
van Eyk	A rating Second Highest Rating

**DISCLAIMER:** This report was prepared by Eley Griffiths Group Pty Limited, AFSL No: 224818. This is general advice only and has been prepared without taking into account your particular objectives, financial circumstances and needs. Before making any decision based on this report, you should assess your own circumstances or consult a financial planner.

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