



# Small Companies Fund

## Monthly Report

### February 2011

#### Portfolio Performance and Strategy

February proved to be another positive month for equity markets as investors continued to re-engage with riskier assets. Concerns remained around the ongoing unrest in the Middle East and were reflected in higher oil and gold prices, combined with some profit taking in equity markets. Investors were mainly focused on the reporting season both domestically (soft) and offshore (strong) as well as on China's inflation and interest rates. The Eley Griffiths Small Companies Fund finished the month up 0.90% pre-fees. February saw the continuation of resource stocks outperforming on the back of higher commodity prices, with the S&P ASX Small Resources Accumulation Index up 2.42%. Industrials continued their underperformance led by softness in the retailers with the Small Industrial

#### Unit Price as at 28 February 2011

Application	\$1.8600
Redemption	\$1.8452
Fund Size	\$642 million
No. of stocks in portfolio	50

Accumulation Index up only 0.36%. In short, the reporting season saw solid results from banks, resources and mining services companies. Companies that had consumer or SME exposures reported challenging trading conditions, although investors were keen to back turnaround stories eg Alesco, Skilled Group and Wotif.com. Domestic economic data released during February was mixed. Consumer-related (retail sales, housing, credit) continued to be soft while employment continued to strengthen (albeit at a slower rate). The AUD consolidated recent gains against the USD finishing the month at US101.7¢ (+2.0¢).

#### Performance Statistics to 28 February 2011

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	+0.90%	+7.85%	+24.73%	+3.93%	+9.42%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	+1.27%	+6.07%	+21.57%	-2.43%	+4.12%
<b>Out performance</b>	<b>-0.37%</b>	<b>+1.78%</b>	<b>+3.16%</b>	<b>+6.36%</b>	<b>+5.30%</b>

\* Fund returns are calculated before fees are deducted.

Our cash levels closed February at around 5.5%.

### Attribution

The portfolio was overweight 2 of the index's top 10 performing stocks (by index point contribution) Ausdrill (+20.96%) and Ardent Group (+34.26%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Pacific Brands (-14.49%) and Flight Centre (-5.76%).

### Top 10 Stocks\*

	Portfolio Weight
1 Equinox Minerals Limited	3.75%
2 SAI Global Limited	3.32%
3 Mount Gibson Iron Limited	3.27%
4 Whitehaven Coal Limited	3.25%
5 Gloucester Coal Ltd	3.11%
6 PanAust Limited	3.07%
7 Campbell Brothers Limited	3.06%
8 Ausdrill Limited	3.02%
9 OM Holdings Limited	3.00%
10 Adelaide Brighton Limited	2.99%
<b>Top 10 Stocks</b>	<b>31.84%</b>
<b>Other Stocks</b>	<b>64.59%</b>
<b>Cash</b>	<b>3.57%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> January 2010.

### Portfolio Changes

**Additions:** Alacer Gold Corporation (tactical).

**Deletions:** Nil.

### Market Sector Exposure\*

	Fund %
Materials	28.5%
Energy	13.4%
Industrials	22.5%
Consumer Disc	15.1%
Healthcare	2.4%
Consumer Staples	1.3%
Financials	6.3%
Information Tech	4.6%
Telecoms	2.3%
Utilities	0.0%
Property Trusts	0.0%
Cash	3.6%
<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

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