



# Small Companies Fund

## Monthly Report

### February 2013

#### Portfolio Performance and Strategy

With February upon us so was the interim reporting season. The small industrials once again led the rally posting a gain of over 4% for the accumulation index, while the small resources accumulation index finished in the red down over 7%. The mood in the market appears to be improving with supportive overseas markets emboldening investors. Through the reporting season just concluded, downward revisions outweighed upgrades. While many companies have noted stabilisation in their end markets, few were able to identify any improvement in trading conditions at the time of reporting. Most of the positive results were centred on cost cutting and a lower interest expense, although the market was quick to buy companies talking a cost out story for the year ahead. Top line growth was in short

#### Unit Price as at 28 February 2013

Application	\$1.8382
Redemption	\$1.8261
Fund Size	\$497 million
No. of stocks in portfolio	49

supply. Investors in February continued their quest for higher yielding stocks with small and large caps receiving solid support. Interestingly, a number of substantial short stock positions were covered (in full/part) following on from results that failed to disappoint. Flight Centre, Bradken, JB Hifi, Carsales.com, The Reject Shop enjoyed solid buying campaigns into and immediately after their results. Markets remained well underpinned with a “buy the dip” mentality among traders helping to underwrite stock positions. Our cash weighting finished the month at around 6.5% of the portfolio.

#### Performance Statistics to 28 February 2013

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	+1.26%	+8.38%	+8.18%	+8.48%	+2.31%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	+0.87%	+8.50%	-2.40%	+2.60%	-3.77%
<b>Out performance</b>	<b>+0.39%</b>	<b>-0.12%</b>	<b>+10.58%</b>	<b>+5.88%</b>	<b>+6.08%</b>

\* Fund returns are calculated post fees.

## Top 10 Stocks\*

	Portfolio Weight
1 Super Retail Group Limited	4.34%
2 Mermaid Marine Australia	4.08%
3 InvoCare Limited	3.91%
4 iiNet Limited	3.86%
5 Ardent Leisure Group	3.80%
6 Sandfire Resources NL	3.28%
7 Aurora Oil & Gas Limited	3.13%
8 Henderson Group PLC.	3.03%
9 FlexiGroup Limited	2.88%
10 Western Areas Limited	2.80%
<b>Top 10 Stocks</b>	<b>35.11%</b>
<b>Other Stocks</b>	<b>57.84%</b>
<b>Cash</b>	<b>7.05%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> January 2013

## Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being InvoCare (+22.00%), Mineral Resources (+9.31%) and Skilled Group (+24.10%). The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being SAI Global (-19.20%), Wotif.com Holdings (-15.61%) and Sandfire Resources (-12.18%).

## Portfolio Changes

**Additions:** STW Communications (tactical) and Seven West Media (tactical).

**Deletions:** Regis Resources (ASX100 inclusion), Silver Lake Resources (company review) and Whitehaven Coal (ASX100 inclusion).

## Market Sector Exposure\*

	Fund %
Materials	20.7%
Energy	8.9%
Industrials	18.4%
Consumer Disc	17.7%
Healthcare	0.0%
Consumer Staples	0.0%
Financials	17.2%
Information Tech	2.7%
Telecoms	6.2%
Utilities	0.0%
Property Trusts	1.1%
Cash	7.1%
<b>Total</b>	<b>100%</b>

## Eley Griffiths Group ratings

Rating Company	Rating
Standard & Poor's	★★★★ - 4 stars 2 <sup>nd</sup> Highest Rating
Lonsec	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
Zenith	<b>Recommended</b> 2 <sup>nd</sup> Highest Rating
van Eyk	<b>Rated</b> Refer iRate

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