



Small Companies Fund

Monthly Report

January 2012

Portfolio Performance and Strategy

The New Year ushered in a rally on the back of better than expected economic survey data across most regions, a partial unwinding of the systemic European sovereign and banking risk that gripped the market in the last couple of months and a bias towards a Chinese easing. Equity volatility dropped sharply with the VIX back below 20, a level not seen since last July. After a slow start to the year with the local market lagging offshore counterparts, investors pushed the market higher on strong Chinese data. Locally the Small Ordinaries Accumulation Index started the year strongly up 7.75% eclipsing the ASX100 Accumulation Index up only 4.80%. The benchmark was driven higher in January by the resource space, the Small Resource Accumulation Index rose 11.4% compared to the Small Industrial Accumulation Index up 5.5%. With investors returning from holidays in

Unit Price as at 31 January 2012

Application	\$1.6115
Redemption	\$1.5986
Fund Size	\$516 million
No. of stocks in portfolio	48

early January market turnover started to normalize later in the month. The domestic macroeconomic news flow was mixed. The local December employment report was weaker with a contraction of 29.3k mom – total employment has now fallen 37k in the past nine months and annual growth is at its weakest since 1997. January saw the first indications of a renewed interest in local mining service stocks from overseas buyers. Also note worthy were vital signs from a number of private client desks around town, both to be monitored in the months ahead. The AUDUSD mirrored the shift in risk aversion, rallying significantly from a low of US\$1.015 to a high of US\$1.069 before finishing the month at US\$1.0630 (+4.1¢).

Performance Statistics to 31 January 2012

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	+6.03%	+0.76%	-9.99%	+21.97%	+1.43%
S&P/ASX Small Ordinaries Accumulation Index	+7.75%	-0.71%	-13.46%	+16.48%	-4.11%
Out performance	-1.72%	+1.47%	+3.47%	+5.49%	+5.54%

* Fund returns are calculated before fees are deducted.

Our cash levels closed January at approximately 5.0%.

Additions: Wotif.com (company review).

Deletions: Nil

Top 10 Stocks*

	Portfolio Weight
1 Regis Resources Limited	4.15%
2 Aurora Oil & Gas Limited	3.85%
3 SAI Global Limited	3.77%
4 Ausdrill Limited	3.74%
5 Adelaide Brighton Limited	3.65%
6 NRW Holdings Limited	3.49%
7 iiNet Limited	3.14%
8 Fleetwood Corporation Ltd	3.13%
9 Alacer Gold Corp.	3.10%
10 Mermaid Marine Australia	3.06%
Top 10 Stocks	35.08%
Other Stocks	58.18%
Cash	6.74%
Total	100%

*For the Small Companies Fund as at 31st December 2011

Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being Beach Energy (+19.84%), Regis Resources (+17.75%), Flight Centre (+19.73%) and Ausdrill (+18.67%). The portfolio was overweight 4 of the index's bottom 10 performing stocks (by index point contribution) being Aurora Oil & Gas (-13.27%), Alacer Gold Corp. (-9.66%), Silex Systems (-12.24%) and InvoCare (-3.12%).

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%
Total	100%

Eley Griffiths Group ratings

Rating Company	Rating
Morningstar	Gold Highest Rating
Standard & Poor's	★★★★ - 4 stars 2 nd Highest Rating
Lonsec	Recommended 2 nd Highest Rating
Zenith	Highly Recommended Highest Rating
van Eyk	A rating Second Highest Rating

Portfolio Changes

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. You should obtain and consider a copy of the product disclosure statement relating to the Eley Griffiths Group Small Companies Fund, before acquiring the financial product. You may obtain a product disclosure statement from your financial planner. To the extent permitted by law, Fundhost Limited nor Eley Griffiths Group Pty Limited, its employees, consultants, advisers, officers and authorized representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this report. '2011 Financial Statements for the Fund are available at www.fundhost.com.au'