



Small Companies Fund

Monthly Report

January 2013

Portfolio Performance and Strategy

As January Goes, So Goes the Year?

Global markets breathed a sigh of relief as US politicians reached a deal averting the “Fiscal Cliff” that threatened to derail the world’s largest economy. Encouraging data from China and advancing offshore equity markets have investors growing confident that the worst may finally be over. The fear of missing out caused a rush for equities amid talk that this is the beginning of the long awaited rotation out of low yielding bonds into equities. This saw the benchmark S&P ASX Small Ordinaries Accumulation Index rise by 4.20% for the month. The industrials once again led the rally as resources were dragged down by weakness across the gold names and various early stage shale gas plays, as reports of disappointing flow rates in the Cooper Basin diminished

Unit Price as at 31 January 2013

| | |
|----------------------------|---------------|
| Application | \$1.8153 |
| Redemption | \$1.8034 |
| Fund Size | \$494 million |
| No. of stocks in portfolio | 50 |

hopes that Australia can replicate the US shale gas boom. The Small Industrials Accumulation Index again outpaced the Small Resources Accumulation Index, outperforming by 4.76%. Investors continued their quest for ‘early’ cyclical stocks – media, retail and building related names. The market has also developed a penchant for the so called ‘burnt out’ industrial stocks, funding these from a list of gold names. Our cash weighting finished the month at around 7% of the portfolio.

Performance Statistics to 31 January 2013

| | 1 Month % | 3 Month % | 1 Year % | 3 Year % p.a. | 5 Year % p.a. |
|--|---------------|---------------|----------------|------------------|------------------|
| EGG Small Companies Fund | +3.71% | +5.44% | +15.94% | +8.56% | +3.44% |
| S&P/ASX Small Ordinaries Accumulation Index | +4.20% | +4.95% | +3.07% | +2.14% | -3.22% |
| Out performance | -0.49% | +0.49% | +12.87% | +6.42% | +6.66% |

* Fund returns are calculated post fees.

Top 10 Stocks*

| | Portfolio Weight |
|--------------------------------|------------------|
| 1 Mermaid Marine Australia Ltd | 4.26% |
| 2 Super Retail Group Limited | 4.10% |
| 3 iiNet Limited | 3.88% |
| 4 InvoCare Limited | 3.81% |
| 5 Sandfire Resources NL | 3.74% |
| 6 Ardent Leisure Group | 3.53% |
| 7 FlexiGroup Limited | 3.12% |
| 8 Aurora Oil & Gas Limited | 3.10% |
| 9 Western Areas Limited | 2.97% |
| 10 SAI Global Limited | 2.84% |
| Top 10 Stocks | 35.35% |
| Other Stocks | 60.84% |
| Cash | 3.81% |
| Total | 100% |

*For the Small Companies Fund as at 31st December 2012

Attribution

The portfolio was overweight 5 of the index's top 10 performing stocks (by index point contribution) being Platinum Asset Management (+21.66%), Henderson Group (+16.10%), Fletcher Building (+15.66%), Perpetual (+11.80%) and Mermaid Marine (+19.06%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Silver Lake Resources (-23.19%) and Sandfire Resources (-9.69%).

Portfolio Changes

Additions: Mineral Resources (company review and Pacific Brands (tactical).

Deletions: SP AusNet (ASX100 inclusion), Discovery Metals (company review) and Alacer Gold Corp. (company review).

Market Sector Exposure*

| | Fund % |
|------------------|-------------|
| Materials | 26.0% |
| Energy | 8.8% |
| Industrials | 16.1% |
| Consumer Disc | 17.7% |
| Healthcare | 0.0% |
| Consumer Staples | 0.0% |
| Financials | 16.3% |
| Information Tech | 2.9% |
| Telecoms | 6.1% |
| Utilities | 1.1% |
| Property Trusts | 1.1% |
| Cash | 3.9% |
| Total | 100% |

Eley Griffiths Group ratings

| Rating Company | Rating |
|-------------------|--|
| Standard & Poor's | ★★★★ - 4 stars 2 nd Highest Rating |
| Lonsec | Recommended 2 nd Highest Rating |
| Zenith | Recommended 2 nd Highest Rating |
| van Eyk | Rated Refer iRate |

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