



Small Companies Fund

Monthly Report

July 2011

Portfolio Performance and Strategy

Equity markets were captive to macro news flow in Europe and US during July with investors remaining cautious against the backdrop of the European debt crisis and the political posturing and implications of a potential default by the US government. While the risks around the Euro issues seemed to diminish by month end, a successful US debt ceiling negotiation was predictably resolved by August 2. Investors were also contending with large sentiment shifts around domestic interest rate expectations during July. Market pricing shifted from a potential rate hike to a rate cut, with Westpac weighing in with a call for a rate cut. Company news flow and trading activity was subdued ahead of the main August reporting season, although 4 takeovers were announced with 3 coming from the resources space. The Small Ordinaries Accumulation Index turned the

Unit Price as at 31 July 2011

Application	\$1.6855
Redemption	\$1.6720
Fund Size	\$593 million
No. of stocks in portfolio	46

tables on its large counter parts in July finishing up 1.4%, outperforming the S&PASX100 Accumulation index by 5.75%. A flight to small resources stocks (+6.3%) over shadowed a difficult month for BHP and the banks amongst the ASX100. Domestic economic data released in July continued to highlight emerging softness in the non-mining segments of the economy. House prices and credit data continued to soften while building approvals fell further. As highlighted the Government released details around pricing and compensation of its proposed carbon tax; while employment data rebounded from recent softness. The RBA left rates on hold at 4.75% and removed the tightening bias in

Performance Statistics to 31 July 2011

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	-1.20%	-4.95%	+12.14%	+5.71%	+6.35%
S&P/ASX Small Ordinaries Accumulation Index	+1.40%	-5.58%	+12.19%	-0.28%	+1.58%
Out performance	-2.60%	+0.63%	-0.05%	+5.99%	+4.77%

* Fund returns are calculated before fees are deducted.

its minutes. Our cash levels closed June at just under 3.5%.

Attribution

The portfolio was overweight 2 of the index's top 10 performing stocks (by index point contribution) being Perseus Mining (+18.32%) and Whitehaven Coal (+12.86%). The portfolio was overweight 4 of the index's bottom 10 performing stocks (by index point contribution) being Adelaide Brighton (-15.21%), Astar Communications (-21.93%), Aurora Oil & Gas (-9.43%) and APN News & Media (-15.97%).

Top 10 Stocks*

	Portfolio Weight
1 SAI Global Limited	3.81%
2 Regis Resources Limited	3.79%
3 Mount Gibson Iron Limited	3.49%
4 Campbell Brothers Limited	3.49%
5 NRW Holdings Limited	3.37%
6 Aurora Oil & Gas Limited	3.27%
7 Whitehaven Coal Limited	3.18%
8 Adelaide Brighton Limited	3.12%
9 Mermaid Marine Australia	3.02%
10 Flight Centre Limited	3.01%
Top 10 Stocks	33.55%
Other Stocks	61.92%
Cash	4.53%
Total	100%

*For the Small Companies Fund as at 30th June 2011.

Additions: Sandfire Resources (tactical).

Deletions: White Energy (company review).

Market Sector Exposure*

	Fund %
Materials	24.0%
Energy	14.2%
Industrials	24.7%
Consumer Disc	15.3%
Healthcare	0.7%
Consumer Staples	1.9%
Financials	6.9%
Information Tech	5.2%
Telecoms	2.6%
Utilities	0.0%
Property Trusts	0.0%
Cash	4.5%
Total	100%

Eley Griffiths Group ratings

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

Portfolio Changes

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