



Small Companies Fund

Monthly Report

July 2012

Portfolio Performance and Strategy

Small Cap investors received mixed messages during July as a number of successful capital raisings (after quite a drought) were overshadowed by a number of profit warnings, volatile offshore leads and ongoing selling pressure on mining and mining service names. The US earnings season has been slightly stronger, with 37% of companies reporting beating consensus estimates while 12% have missed. Central banks embarked on a round of monetary easing; China and Europe cut interest rates (Europe now at record lows) while the Bank of England restarted its asset purchasing program. Domestically, the RBA left rates on hold after 75bp of cuts delivered in May and June. The Eley Griffiths Smaller Companies Fund returned +3.42% for the month outperforming its benchmark by 3.61%. The Small Industrial Accumulation

Unit Price as at 31 July 2012

Application	\$1.6049
Redemption	\$1.5943
Fund Size	\$477million
No. of stocks in portfolio	43

Index finished the month +1.66% continuing its outperformance over the Small Resources Accumulation Index down 4.33%, as risk was sold and defensives and yield names were bought. Domestic economic data was less positive this month (after a strong June) with weakness in labour market indicators (unemployment rate rose from 5.1% to 5.2% in June) and housing finance (1.2% fall in May vs Bloomberg +1.0% mom). The AUD range-traded between parity and US\$1.05 (+2.6c), closing at a high for the month. This was driven in part by International money flows, and in spite continued softness in bulk commodity prices with iron ore fines and coking coal down 14% and 19%, respectively for the

Performance Statistics to 31 July 2012

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	+3.42%	-8.30%	-0.83%	+9.08%	-0.65%
S&P/ASX Small Ordinaries Accumulation Index	-0.19%	-14.67%	-15.94%	+0.39%	-8.73%
Out performance	+3.61%	+6.37%	+15.11%	+8.69%	+8.08%

* Fund returns are calculated before fees are deducted.

month. Merger and acquisition activity found its feet in July with over 6 takeovers announced including 2 bids for Northern Iron (an EGG shareholding). Our cash weighting sits at around 6.5% of the portfolio.

Top 10 Stocks*

	Portfolio Weight
1 SAI Global Limited	4.27%
2 iiNet Limited	3.76%
3 Adelaide Brighton Limited	3.74%
4 Mermaid Marine Australia	3.64%
5 FlexiGroup Limited	3.63%
6 Carsales.Com Limited	3.49%
7 InvoCare Limited	3.31%
8 Ausdrill Limited	3.18%
9 Northern Iron Limited	3.09%
10 Sandfire Resources NL	3.09%
Top 10 Stocks	35.20%

Other Stocks 57.24%

Cash 7.56%

Total 100%

*For the Small Companies Fund as at 30th June 2012

Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being Flight Centre (+12.15%), InvoCare (+10.67%), Silex Systems (+20.63%) and Flexigroup (+17.69%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Aristocrat Leisure (-14.49%) and Senex Energy (-13.38%).

Portfolio Changes

Additions: Nil.

Deletions: Panoramic Resources (company review).

Market Sector Exposure*

	Fund %
Materials	22.4%
Energy	7.8%
Industrials	19.9%
Consumer Disc	21.6%
Healthcare	0.0%
Consumer Staples	0.0%
Financials	11.0%
Information Tech	4.9%
Telecoms	3.8%
Utilities	1.0%
Property Trusts	0.0%
Cash	7.6%
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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