



Small Companies Fund

Monthly Report

June 2011

Portfolio Performance and Strategy

Equity markets remained under pressure during June as investors were cautious around deteriorating macro news flow – particularly the European debt crisis (although the Greek debt was rolled and austerity measures were passed in late June) and a stagnant US economy. Commodity prices remained volatile, reflecting shifting views around China's growth outlook and a weaker USD. Earnings risk continued to feature during June as analyst downgrades outnumbered upgrades lowering inflated FY12 numbers. It was a tough month for the Small Ordinaries Accumulation Index finishing down -5.1% against the broader market ASX 200 -2.2%. The winners were largely stock specific, while the losers were plenty as investors continued to sit on the sidelines due to lack of conviction. Small resource stocks were sold off aggressively with the Small Resource Accumulation

Unit Price as at 30 June 2011

Application	\$1.7386
Redemption	\$1.7248
Fund Size	\$610 million
No. of stocks in portfolio	46

index finishing down 9.7%, while the Small Industrials shone in comparison falling only 1.75%. Preparations were made for a listing of mining services group Barmenco during June. Failure to gain adequate support locally and abroad indicates the level of investor intransigence prevailing at present. The 2011 financial year was really a year of two halves with the Small Ordinaries Accumulation Index powering until mid January before selling off to end the year up 16.4%, outperforming their large caps counterparts by almost 5%. This year however saw small resources only slightly outperform their Industrial counterparts finishing up 17.68% verse 15.72%. Our cash levels closed June at just under 5%.

Performance Statistics to 30 June 2011

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	-2.83%	-5.85%	+18.13%	+3.69%	+6.43%
S&P/ASX Small Ordinaries Accumulation Index	-5.09%	-9.31%	+16.41%	-2.59%	+1.21%
Out performance	+2.26%	+3.46%	+1.72%	+6.28%	+5.22%

* Fund returns are calculated before fees are deducted.

Attribution

The portfolio was overweight 2 of the index's top 10 performing stocks (by index point contribution) Aurora Oil & Gas (+3.24%) and InvoCare (+11.45%). The portfolio was overweight none of the index's bottom 10 performing stocks (by index point contribution).

Top 10 Stocks*

	Portfolio Weight
1 SAI Global Limited	3.82%
2 Regis Resources Limited	3.80%
3 Mount Gibson Iron Limited	3.50%
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	3.13%
9 Mermaid Marine Australia Ltd	3.03%
10 Flight Centre Limited	3.02%
Top 10 Stocks	33.61%
Other Stocks	62.02%
Cash	4.37%
Total	100%

*For the Small Companies Fund as at 31st May 2011.

Portfolio Changes

Additions: Sundance Energy (tactical).

Deletions: Gryphon Minerals (tactical).

Market Sector Exposure*

	Fund %
Materials	26.5%
Energy	14.2%
Industrials	22.3%
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	4.4%
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

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