



Small Companies Fund

Monthly Report

June 2012

Portfolio Performance and Strategy

With another FY finished, investors juggled concerns of a European debt crisis, a slowing Chinese growth story, and the hope that a US recovery will remain on track. Australia has underperformed its northern hemisphere counterparts despite arguably being the strongest economy in the western world. With unemployment at 5.1%, low inflation, and a small budget deficit, it seems an issue of confidence rather than underlying fundamentals. The AUD sat above parity for most of FY12, peaking in July 2011 as it passed USD1.10. This has been bitter sweet for the Australian market- on one hand showing a vote of confidence in our AAA-rated economy, its flow on effect making imports cheaper and doing the work that the RBA would otherwise have to do through interest rate rises to dampen inflation. However on the other hand it has

Unit Price as at 30 June 2012

Application	\$1.5972
Redemption	\$1.5867

Fund Size	\$476million
No. of stocks in portfolio	44

been a headwind for stocks, as offshore investors foresee a further retreat back to “fair value” below parity and continue to sit on the sidelines. Continuing the trend of May, investors opted to remain in the defensives as they mulled over the potential earnings risk and next profit warning candidate among the domestic cyclicals. Defensive sectors outperformed the market, while Energy and Resources lagged. Merger and acquisition activity slowed slightly into year end with only a handful of deals announced. Again the small industrials outpaced small resource companies, as doubts about the strength of global economies resurfaced. Our cash weighting reflects this uncertainty and remains around 7.5% of the portfolio.

Performance Statistics to 30 June 2012

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	-1.61%	-10.28%	-5.26%	+10.68%	-1.57%
S&P/ASX Small Ordinaries Accumulation Index	-4.78%	-15.30%	-14.61%	+3.39%	-8.89%
Out performance	+3.17%	+5.02%	+9.35%	+7.29%	+7.32%

* Fund returns are calculated before fees are deducted.

Top 10 Stocks*

		Portfolio Weight
1	SAI Global Limited	4.45%
2	iiNet Limited	3.68%
3	Mermaid Marine Australia	3.68%
4	Aurora Oil & Gas Limited	3.63%
5	FlexiGroup Limited	3.47%
6	Adelaide Brighton Limited	3.36%
7	InvoCare Limited	3.27%
8	Fleetwood Corporation Ltd	3.24%
9	Northern Iron Limited	3.19%
10	Carsales.Com Limited	3.18%
Top 10 Stocks		35.14%
Other Stocks		58.74%
Cash		6.12%
Total		100%

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

Attribution

The portfolio was overweight 5 of the index's top 10 performing stocks (by index point contribution) being Adelaide Brighton (+8.16%), Carsales.com (+7.33%), Flexigroup (+14.54%), Iress (+7.91%) and Flight Centre (+4.01). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being Senex Energy (-21.98%).

Portfolio Changes

Additions: Nil.

Deletions: Beach Energy (ASX100 inclusion).

Market Sector Exposure*

	Fund %
Materials	19.4%
Energy	9.8%
Industrials	23.6%
Consumer Disc	20.1%
Healthcare	0.0%
Consumer Staples	0.0%
Financials	6.7%
Information Tech	9.6%
Telecoms	3.7%
Utilities	1.0%
Property Trusts	0.0%
Cash	6.1%
Total	100%

Eley Griffiths Group ratings

Rating Company	Rating
Standard & Poor's	★★★★ - 4 stars 2 nd Highest Rating
Lonsec	Recommended 2 nd Highest Rating
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