



Small Companies Fund Monthly Report

May 2011

Portfolio Performance and Strategy

Equity markets continued their downward trend during May as Wall Street retraced much of April's rally and investors remained cautious about the deterioration in the Greek economy amid rejection of renewed austerity measures. Commodity prices remained volatile reflecting shifting views around interest rate settings and a weaker USD, while the 'confession season' profit announcements were mainly in line with market expectations although consumer discretionary was weaker with a stronger AUD blamed. May saw a number of capital raisings from both smaller resource and industrial companies, but despite the softer market conditions investors found the discounted raisings favourable. Small cap stocks slightly outperformed large caps stocks in May, while a late rally from small resources stocks saw modest outperformance over their small industrial counterparts.

Unit Price as at 31 May 2011

Application	\$1.7911
Redemption	\$1.7768
Fund Size	\$631 million
No. of stocks in portfolio	46

Towards month end, the rally in the Australian dollar encouraged profit-taking from international investors in resource and mining service companies. There were 4 takeover bids announced in the small end of the market intra month with 3 being from the industrial space. While the only resource takeover announcement continued the Gold consolidation story with St Barbara bidding for Catalpa. As widely expected, the RBA left rates unchanged at 4.75% in early May with the RBA still trying to control the 2 speed economy. The softening trend in domestic economic data continued during May notably in building activity and house prices. Our cash levels closed May at just under 6%.

Performance Statistics to 31 May 2011

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	-0.99%	-3.41%	+18.62%	+1.80%	+7.67%
S&P/ASX Small Ordinaries Accumulation Index	-1.89%	-4.70%	+18.07%	-4.77%	+2.50%
Out performance	+0.90%	+1.29%	+0.55%	+6.57%	+5.17%

* Fund returns are calculated before fees are deducted.

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) Aurora Oil & Gas (+27.92%), Extract Resources (+17.81%) and GrainCorp (+5.50%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Pharmaxis (-61.87%) and Whitehaven Coal (-10.75%).

Top 10 Stocks*

	Portfolio Weight
1 SAI Global Limited	3.73%
2 Regis Resources Limited	3.64%
3 Campbell Brothers Limited	3.30%
4 Equinox Minerals Limited	3.16%
5 Whitehaven Coal Limited	3.05%
6 Flight Centre Limited	2.99%
7 NRW Holdings Limited	2.97%
8 Adelaide Brighton Limited	2.92%
9 Mount Gibson Iron Limited	2.87%
10 GWA Group Limited	2.82%
Top 10 Stocks	31.45%
Other Stocks	61.37%
Cash	7.18%
Total	100%

*For the Small Companies Fund as at 30 April 2011.

Portfolio Changes

Additions: Royal Wolf (tactical).

Deletions: Equinox Minerals (bid completion), Independence Group (tactical), Pharmaxis (tactical) and The Reject Shop (company review).

Market Sector Exposure*

	Fund %
Materials	25.0%
Energy	12.1%
Industrials	23.6%
Consumer Disc	15.2%
Healthcare	1.7%
Consumer Staples	1.4%
Financials	5.9%
Information Tech	4.7%
Telecoms	2.3%
Utilities	0.0%
Property Trusts	0.0%
Cash	7.2%
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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