



# Small Companies Fund

## Monthly Report

### October 2011

#### Portfolio Performance and Strategy

Equity markets performed strongly during October after successfully testing yearly lows struck early in the month. Once again markets rallied ahead of any specific news flow reflecting the significant level of risk aversion being discounted across risk assets. A package put forward by the European Union on 26 October, including bank recapitalisations, a leveraged EFSF, a “soft” restructuring of Greek debt and a new insurance scheme covering peripheral sovereign debt was well received by investors. The Small Ordinaries Accumulation Index closed up 7.87% for the month of October, although off its intra month highs of 9.06%. Commodity prices were particularly volatile, following their significant decline in September and finished the month higher while the macro data from the US generally surprised the market on the upside, as did the Q3 reporting season.

#### Unit Price as at 31 October 2011

Application	\$1.6042
Redemption	\$1.5914
Fund Size	\$533 million
No. of stocks in portfolio	45

After an extended period of risk aversion, investors looked to add risk to portfolios with the Energy and Resource sectors outperforming the broader small cap market. The AUD breaking back through parity and closing the month above US\$1.05 up 9% for the month. The Small Resources Accumulation Index rallied 11.15% reversing the underperformance against the Small Industrial Accumulation Index up only 5.77%. Domestic economic data released in October was soft. Subsequent to month end, RBA commentary and a lower than expected CPI print gave cause for a 0.25% rate cut on November 1. Our cash levels closed October at 3.5%.

#### Performance Statistics to 31 October 2011

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
<b>EGG Small Companies Fund</b>	+6.92%	-4.53%	-6.05%	+16.39%	+2.88%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	+7.87%	-6.16%	-8.22%	+12.63%	-2.09%
<b>Out performance</b>	<b>-0.95%</b>	<b>+1.64%</b>	<b>+2.17%</b>	<b>+3.76%</b>	<b>+4.97%</b>

\* Fund returns are calculated before fees are deducted.

## Top 10 Stocks\*

	Portfolio Weight
1 SAI Global Limited	3.87%
2 Alacer Gold Corp.	3.79%
3 Regis Resources Limited	3.77%
4 Adelaide Brighton Limited	3.14%
5 Mermaid Marine Australia	3.13%
6 Mount Gibson Iron Limited	3.13%
7 Whitehaven Coal Limited	3.13%
8 Ausdrill Limited	3.03%
9 Fleetwood Corporation Ltd	2.78%
10 NRW Holdings Limited	2.78%
<b>Top 10 Stocks</b>	<b>32.55%</b>
<b>Other Stocks</b>	<b>61.97%</b>
<b>Cash</b>	<b>5.48%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 30<sup>th</sup>

September 2011

## Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being Aurora Oil & Gas (+29.46%), Western Areas (+34.26%) and Flight Centre (+16.94%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Silex Systems (-13.13%) and Northern Iron (-17.50%).

## Portfolio Changes

**Additions:** Super Retail Group (company review).

**Deletions:** Resmed Inc (ASX100 inclusion).

## Market Sector Exposure\*

	Fund %
Materials	24.9%
Energy	13.6%
Industrials	24.5%
Consumer Disc	14.3%
Healthcare	0.9%
Consumer Staples	2.1%
Financials	6.7%
Information Tech	5.0%
Telecoms	2.5%
Utilities	0.0%
Property Trusts	0.0%
Cash	5.5%
<b>Total</b>	<b>100%</b>

## Eley Griffiths Group ratings

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

**DISCLAIMER:** This report was prepared by Eley Griffiths Group Pty Limited, AFSL No: 224818. This is general advice only and has been prepared without taking into account your particular objectives, financial circumstances and needs. Before making any decision based on this report, you should assess your own circumstances or consult a financial planner.

You should obtain and consider a copy of the product disclosure statement relating to the Eley Griffiths Group Small Companies Fund, before acquiring the financial product. You may obtain a product disclosure statement from your financial planner.

To the extent permitted by law, Fundhost Limited nor Eley Griffiths Group Pty Limited, its employees, consultants, advisers, officers and authorized representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this report.