



Small Companies Fund

Monthly Report

September 2011

Portfolio Performance and Strategy

Volatility remained a feature of markets during September, with equity markets continuing to bear the brunt of risk aversion. Governments continue to struggle with developing credible solutions for resolving current fiscal issues, while global growth forecasts continued to fall in the face of declining confidence indicators and slowing macro indicators. Investors became increasingly concerned about the potential of a recession emerging in Europe/US and the impact on Emerging markets. The Australian equity market remained under pressure with resource stocks declining on the back of weaker commodity prices. The Small Ordinaries Accumulation Index closed down -10.6% for the month of September, although off its intra month lows of -14.5%. Domestic investors reduced their exposure to resources and continue to favour defensive names over cyclicals and

Unit Price as at 30 September 2011

Application	\$1.5017
Redemption	\$1.4898
Fund Size	\$502 million
No. of stocks in portfolio	45

companies with USD earnings with the AUD finally coming under selling pressure. The Small Resources Accumulation Index fell 15.83% heavily underperforming the Small Industrial Accumulation Index down only 6.76%. Corporate activity continued with 3 bids announced during the month, although spread between the resources and industrial sectors. Domestic economic data releases in September continued to highlight emerging softness in the non-mining segments of the economy. House prices, credit data and retail sales remained soft while building approvals and employment fell further. The RBA left rates on hold at 4.75% in early October, indicating it would remain behind the curve (data-dependent) while the market is

Performance Statistics to 30 September 2011

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	-9.96%	-11.78%	-9.67%	+6.06%	+3.12%
S&P/ASX Small Ordinaries Accumulation Index	-10.61%	-11.79%	-12.11%	-0.14%	-2.27%
Out performance	+0.65%	+0.01%	+2.44%	+6.20%	+5.39%

* Fund returns are calculated before fees are deducted.

pricing in 150bp of rate cuts by June 2012.

Our cash levels closed September at just over 5%.

Top 10 Stocks*

	Portfolio Weight
1 Regis Resources Limited	3.86%
2 SAI Global Limited	3.86%
3 Whitehaven Coal Limited	3.56%
4 Mount Gibson Iron Limited	3.44%
5 Alacer Gold Corp.	3.33%
6 Ausdrill Limited	3.33%
7 Gloucester Coal Ltd	3.14%
8 Campbell Brothers Limited	3.08%
9 NRW Holdings Limited	3.04%
10 Mermaid Marine Australia	3.02%
Top 10 Stocks	33.66%
Other Stocks	63.27%
Cash	3.07%
Total	100%

*For the Small Companies Fund as at 31st August 2011

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being Austar United (+4.98%), Kathmandu Holdings (+8.13%) and Fleetwood Corporation (+4.14). The portfolio was overweight 4 of the index's bottom 10 performing stocks (by index point contribution) being Monadelphous Group (-14.50), Aurora Oil & Gas (-21.40%), Perseus Mining (-15.28%) and Western Areas (-26.53%).

Portfolio Changes

Additions: Nil

Deletions: Nil.

Market Sector Exposure*

	Fund %
Materials	26.5%
Energy	14.8%
Industrials	25.7%
Consumer Disc	13.5%
Healthcare	0.8%
Consumer Staples	1.9%
Financials	6.1%
Information Tech	5.1%
Telecoms	2.5%
Utilities	0.0%
Property Trusts	0.0%
Cash	3.1%
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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