



Small Companies Fund

Monthly Report

August 2007

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index closed down 3.87% in August continuing the trend of the 2007 Financial Year. The portfolio was down 3.23% pre-fees outperforming by 0.64%. August saw an escalation in global volatility as traders began to de-leverage positions across global financial markets. Marked deterioration in the US sub prime market prompted speculation that a US recession might be around the corner. Results from the Reporting Season were mostly inline but took a back seat to the volatility caused by the sub prime fall out. A 'liquidity hunt' ensued with aggressive selling across the board catalysing a deep mid month correction. The market found stronger retail sales, housing finance and employment data in Australia justified the

Unit Price as at 31 August 2007

Application	\$2.0018
Redemption	\$1.9859
Fund Size	\$419 million
No. of stocks in portfolio	52

RBA's decision to increase the cash rate up 0.25% to 6.50%. Furthermore, unwinding of the Yen carry trade saw the AUD plummet from multi-year highs of \$0.8664 set on the 9th August to hit a low of \$0.7680 intraday on the 17th. It fought back to finish the month at \$0.8189. The manager continues to be wary of the near term market outlook and as such has a cash weighting of around 8% of FUM.

Performance Statistics to 31 August 2007

	1 Month %	3 Month %	1 Year %	3 Year % p.a.
EGG Small Companies Fund	-3.23%	-4.93%	+31.59%	+31.07%
S&P/ASX Small Ordinaries Accumulation Index	-3.87%	-4.81%	+33.03%	+27.12%
Out performance	+0.64%	-0.12%	-1.44%	+3.95%

* 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) being **Aquarius Platinum** (14.06%), **Nufarm** (7.33%) and **Adelaide Brighton** (8.79%).

The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being **Kagara Zinc** (-21.66%), **Silex Systems** (-17.22%) and **Cabcharge Australia** (-19.77%).

Top 10 Stocks*

	Portfolio Weight
1 IRESS Market Technology	3.84%
2 Ramsay Health Care Limited	3.65%
3 Alesco Corporation Limited	3.26%
4 Australian Worldwide Expl	3.00%
5 Hastie Group Limited	2.95%
6 Kagara Zinc Limited	2.62%
7 Aquarius Platinum Limited	2.53%
8 Austal Limited	2.50%
9 Programmed Maintenance	2.46%
10 GWA International Limited	2.45%
Top 10 Stocks	29.26%
Other Stocks	66.02%
Cash	4.72%
Total	100%

*For the Small Companies Fund as at 31st July 2007.

Portfolio Changes

Additions: Crane Group (Valuation) and Flight Centre (Valuation).

Deletions: Rams Home Loans Group (Risk management), MFS (Tactical removed), Downer (Index removal), Arrow Energy (Tactical removed), APN/UKA European Retail Trust (Valuation) and Abacus Property Trust (Valuation).

Market Sector Exposure*

	Fund %
Materials	14.3%
Energy	9.3%
Industrials	31.1%
Consumer Disc	12.9%
Healthcare	7.3%
Consumer Staples	0.0%
Financials	12.8%
Information Tech	7.2%
Telecoms	0.0%
Utilities	0.0%
Property Trusts	0.4%
Cash	4.7%
Total	100%

Eley Griffiths Group ratings

Rating Company	Rating
Morningstar	Recommended Second Highest Rating
Standard & Poor's	★★★★ - 'Strong' Second Highest Rating
Lonsec	Highly Recommended Highest Rating
Zenith	Highly Recommended Highest Rating

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