



Small Companies Fund

Monthly Report

December 2007

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index ended the year under pressure, declining 2.37% in December, bringing the total return for the calendar year to +17.05%.

The Eley Griffiths Group Small Companies Fund performed inline declining 2.44% for the month and returning +17.87% for the year. December saw a continuation of sub-prime write-offs by global investment banks confirming the global debt issues are here to stay for the time being. The credit crunch elevated domestically when Centro Properties Group revealed its lenders were uncomfortable with the company's asset valuations and its gearing level, a 90% fall in its share price ensued. Subsequently the domestic property sector went into a tail spin with the S&P ASX 200 Property Trust Index falling 9% for the month. Merger &

Unit Price as at 31 December 2007

Application	\$2.0938
Redemption	\$2.0772
Fund Size	\$487 million
No. of stocks in portfolio	54

Acquisition activity continued in December notably in the resource space with 4 transactions announced. The RBA left interest rates on hold at 6.75% after 2 rises in 2007. A tightening bias still exists although the risk to global growth is increasingly recognised, with the global economy delicately poised between Chinese industrialisation and US recession. With slowing corporate earnings and higher funding costs it is likely investors will be navigating a 'stock pickers' market in 2008. Cash levels finished the year at 7%.

Performance Statistics to 31 December 2007

	1 Month %	3 Month %	1 Year %	3 Year % p.a.
EGG Small Companies Fund	-2.44%	+0.31%	+17.87%	+26.35%
S&P/ASX Small Ordinaries Accumulation Index	-2.37%	-1.01%	+17.05%	+23.39%
Out performance	-0.07%	+1.32%	+0.82%	+2.96%

* Fund returns are calculated before fees are deducted.

Attribution

The portfolio was overweight 2 of the index's top 10 performing stocks (by index point contribution) being **Flight Centre** (+10.42%) and **Equinox Minerals** (+24.71%). The portfolio was overweight 4 of the index's bottom 10 performing stocks (by index point contribution) being **Nufarm** (-15.85%), **Henderson Global** (-13.31%), **Transfield Services** (-10.48%) and **Silex Systems** (-15.94%).

Top 10 Stocks*

	Portfolio Weight
1 Australian Worldwide Expl.	3.89%
2 Hastie Group	3.38%
3 Cabcharge Australia	3.32%
4 Aquarius Platinum	3.06%
5 Ramsay Health Care	3.03%
6 IRESS Market Tech.	2.96%
7 GWA International	2.69%
8 WHK Group	2.62%
9 Primary Health Care	2.57%
10 Flight Centre	2.54%
Top 10 Stocks	30.06%
Other Stocks	62.73%
Cash	7.21%
Total	100%

*For the Small Companies Fund as at 30th November 2007.

Portfolio Changes

Additions: Northern Iron (Attractive IPO), Oakton Limited (Valuation)

Deletions: Nil

Market Sector Exposure*

	Fund %
Materials	18.6%
Energy	9.0%
Industrials	28.0%
Consumer Disc	10.0%
Healthcare	6.8%
Consumer Staples	0.0%
Financials	11.9%
Information Tech	7.3%
Telecoms	0.0%
Utilities	1.2%
Property Trusts	0.0%
Cash	7.2%
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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