



Small Companies Fund

Monthly Report

December 2008

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in December rose 4.15%, reversing the trend from the previous two months. The Eley Griffiths Group Small Companies Fund outperformed the index by 1.08%. To place this positive move in perspective the ASX 100 Accumulation Index was down almost 0.5% over the same period. The performance of the Small Ordinaries in December can mainly be attributed to a spirited rally across resource stocks. The Small Resources Index rose 10.4% compared to the Small Industrials which managed a 1% gain. The Coal Seam Methane plays were again in the spotlight with two takeovers announced in December. These took the total number of takeovers in the small cap space to 38 for CY08 down from 56 in CY07 and 72 in CY06. Despite the pervasive negative

Unit Price as at 31 December 2008

Application	\$1.0311
Redemption	\$1.0229

Fund Size	\$246 million
No. of stocks in portfolio	45

sentiment surrounding the market, the ASX Small Ordinaries Index finished the year 12% above its low. Tentative signs of market stability began to show by month end, chiefly reduced volatility and contracting credit market spreads. Investors also continued to be called for new equity as companies (led by the Banks) sought to improve their balance sheets ahead of 2009. The RBA in December cut rates by an expected 1.00% to 4.25%, consistent with their aim of an accommodative interest rate setting for the local economy. The A\$ continued its recovery, trading in excess of US\$0.70 intra month, a long way from US\$0.60 lows seen in October. Cash levels closed

Performance Statistics to 31 December 2008

	1 Month %	3 Month %	FYTD %	1 Year %	5 Year % p.a.
EGG Small Companies Fund	+5.23%	-25.94%	-38.95%	-46.87%	+8.23%
S&P/ASX Small Ordinaries Accumulation Index	+4.15%	-29.21%	-42.04%	-53.17%	+2.91%
Out performance	+1.08%	+3.27%	+3.09%	+6.30%	+6.05%

* Fund returns are calculated before fees are deducted.

December at around 11%, which are likely to be lowered by your manager in the coming month.

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being Felix Resources (+60.00%), Ramsay Healthcare (+15.56%) and GWA International (+22.36). The portfolio was overweight none of the index's bottom 10 performing stocks (by index point contribution).

Top 10 Stocks*

	Portfolio Weight
1 InvoCare Limited	3.63%
2 Programmed Maintenance	3.47%
3 Adelaide Brighton Limited	3.37%
4 MYOB Limited	3.24%
5 Primary Health Care Limited	3.01%
6 Cabcharge Australia Limited	2.99%
7 Ramsay Health Care Limited	2.94%
8 Silex Systems Limited	2.93%
9 Crane Group Limited	2.91%
10 WHK Group Limited	2.85%
Top 10 Stocks	31.34%
Other Stocks	57.51%
Cash	11.15%
Total	100%

*For the Small Companies Fund as at 30th November 2008.

Portfolio Changes

Additions: Mermaid Marine (valuation), and Sino Gold (tactical).

Deletions: Bradken (tactical) and HFA Holdings (company review).

Market Sector Exposure*

	Fund %
Materials	15.5%
Energy	8.2%
Industrials	24.7%
Consumer Disc	17.1%
Healthcare	7.7%
Consumer Staples	0.0%
Financials	3.8%
Information Tech	9.4%
Telecoms	2.5%
Utilities	0.0%
Property Trusts	0.0%
Cash	11.1%
Total	100%

Eley Griffiths Group ratings

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

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