



# Small Companies Fund

## Monthly Report

### February 2007

#### Important Notice

Effective 1 February 2007, the Eley Griffiths Group Small Companies Fund appointed a new custodian, being National Nominees Limited.

All cheques for applications to the Fund should be made payable to “**National Nominees Ltd Eley Griffiths Group Small Co Applications Account**”.

The account to use for electronic funds transfers is **BSB 083 043, Account Number 868759804, Account Name National Nominees Ltd Eley Griffiths Small Co Applications Account**.

From 16 March 2007, the previous applications account at ANZ will be closed. Any cheques made payable to ANZ Banking Group Limited will have to be returned.

Please call Fundhost on 02 8223 5400 if you have any questions.

#### Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index continued its relentless march higher during February, before a sharp sell-off on the last day reversed most of the gains and saw the index finish up +1.21%. The portfolio had a good month returning +1.49% and outperforming the benchmark by +0.28% pre-fees. News flow was

#### Unit Price as at 28 Feb. 2007

Application	\$2.1906
Redemption	\$2.1732
Fund Size	\$342 million
No. of stocks in portfolio	49

dominated by company results for the period ended 31 December 2006, ongoing M&A activity and equity raisings. The majority of companies reported solid

#### Performance Statistics to 28 February 2007

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	Since Inception %*
EGG Small Companies Fund	+1.49%	+6.91%	+32.27%	+33.81%	+275.20%
S&P/ASX Small Ordinaries Accumulation Index	+1.21%	+7.31%	+30.57%	+27.16%	+173.06%
Out performance	<b>+0.28%</b>	<b>-0.40%</b>	<b>+1.70%</b>	<b>+6.65%</b>	<b>+102.14%</b>

\* Fund returns are calculated before fees are deducted; incorporates EGG Model portfolio 01/02/03 to 31/09/03

earnings growth although experienced tougher operating conditions. Interestingly most stocks continued the trends they held approaching reporting season. Commodity prices tracked higher after a period of consolidation drawing liquidity into resource counters. Gold posted solid gains hitting a high of US\$690 an ounce and the oil price traded up to \$61.78/bbl, 23.6% higher than the lows of \$49.96/bbl it posted on the 18th of January. The oil price has yet to capture the markets attention with oil stocks still struggling to overcome negative sentiment that recent trading has created. Cash is currently 7% and with recent volatility may track higher in the near term.

#### Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being Summit Resources Limited (+33.73%), Transfield Services Limited (+19.18%), Adelaide

#### Top 10 Stocks\*

	Portfolio Weight
1 Ramsay Health Care Limited	4.26%
2 IRESS Market Technology	4.11%
3 Silex Systems Limited	3.75%
4 Aquarius Platinum Limited	3.72%
5 Coates Hire Limited	3.53%
6 Cabcharge Australia Limited	3.48%
7 Hastie Group Limited	3.41%
8 WHK Group Limited	3.20%
9 Alesco Corporation Limited	3.09%
10 Adelaide Bank Limited	3.00%
<b>Top 10 Stocks</b>	<b>35.55%</b>
<b>Other Stocks</b>	<b>58.81%</b>
<b>Cash</b>	<b>5.64%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31st Jan 2007

Bank Limited (+21.77%), and Sally Malay Mining Limited (+29.94%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Coats Hire Limited (-8.89%) and Boom Logistics Limited (-13.83%).

#### Portfolio Changes

**Additions:** Kagara Zinc Limited (valuation)

**Deletions:** Perilya Limited (profit taking).

#### Market Sector Exposure\*

	Fund %
Materials	13.4%
Energy	6.0%
Industrials	35.0%
Consumer Disc	11.1%
Healthcare	6.2%
Consumer Staples	0.0%
Financials	10.5%
Information Tech	7.9%
Telecoms	2.7%
Utilities	0.0%
Property Trusts	1.6%
Cash	5.6%
<b>Total</b>	<b>100%</b>

#### 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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