



# Small Companies Fund

## Monthly Report

### February 2008

#### Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in February rose 3.80%, following on from January's sell off where the index plunged 14.4%. The Eley Griffiths Group Small Companies Fund outperformed the index by 3.30% for the month as well as extending its out performance for the twelve months to date (pre fees). February saw another rate cut by the US Federal Reserve and the announcement of a US\$150 Billion rescue package by President Bush to try to manage future sub-prime fall out and keep the economy from falling into recession. Merger & Acquisition activity was still quiet in February, and companies looking to raise money for acquisitions were penalised with exceedingly poor post deal price action. The Small Ordinaries outperformed the ASX 100 by 5.0% in February, due

#### Unit Price as at 29 February 2008

Application	\$1.9236
Redemption	\$1.9160
Fund Size	\$423 million
No. of stocks in portfolio	47

mainly to an underweighting in Banks / Financials and a heavier skew to resources and base metal plays. The reporting season was on the positive side of analyst forecasts, with a subdued outlook for the next 6 to 12 months seen as driving short to medium term share price direction. The market was volatile once again with low levels of conviction buying from both the institutional and retail investors. Even after reporting better than expected results some stocks traded at similar or lower levels to their pre reporting price. Cash levels finished February at 11%, a level your manager feels appropriate.

#### Performance Statistics to 29 February 2008

	1 Month %	3 Month %	1 Year %	3 Year % p.a.
EGG Small Companies Fund	+7.10%	-9.99%	+5.63%	+20.89%
S&P/ASX Small Ordinaries Accumulation Index	+3.80%	-13.22%	+0.92%	+17.30%
Out performance	<b>+3.30%</b>	<b>+3.23%</b>	<b>+4.71%</b>	<b>+3.59%</b>

\* Fund returns are calculated before fees are deducted.

## Attribution

The portfolio was overweight 4 of the index's top 10 performing stocks (by index point contribution) being **Aquarius Platinum** (+26.3%), **Felix Resources** (+49.3%), **Kagara** (+40.6%) and **Silex Systems** (+59.1%). The portfolio was overweight none of the index's bottom 10 performing stocks (by index point contribution).

## Top 10 Stocks\*

	Portfolio Weight
1 Ramsay Health Care Limited	3.88%
2 Australian Worldwide Expl.	3.75%
3 Aquarius Platinum Limited	3.71%
4 Hastie Group Limited	3.70%
5 Cabcharge Australia Limited	3.62%
6 Alesco Corporation Limited	3.04%
7 Adelaide Brighton Limited	3.01%
8 Primary Health Care Limited	2.85%
9 GWA International Limited	2.82%
10 Nufarm Limited	2.80%
<b>Top 10 Stocks</b>	<b>33.18%</b>
<b>Other Stocks</b>	<b>61.75%</b>
<b>Cash</b>	<b>5.07%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> January 2008.

## Portfolio Changes

**Additions:** Seek (Valuation).

**Deletions:** United Group (Index Removal), SAI Global (company review), RCR Tomlinson (Valuation), Australian Wealth Management (Risk Management) and Jubilee Mines (Bid).

## Market Sector Exposure\*

	Fund %
Materials	20.1%
Energy	10.1%
Industrials	28.5%
Consumer Disc	10.2%
Healthcare	8.2%
Consumer Staples	0.0%
Financials	9.1%
Information Tech	7.7%
Telecoms	0.0%
Utilities	1.0%
Property Trusts	0.0%
Cash	5.1%
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

The financial report for the Fund for the six month period ended 31 December 2007 has been lodged with ASIC. If you would like to receive a copy of the report, go to [www.fundhost.com.au](http://www.fundhost.com.au) or call Fundhost on 02 8223 5400.

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