



Small Companies Fund

Monthly Report

January 2007

Portfolio Performance and Strategy

The Australian market continued its march forward in January with both the Small Ordinaries Index and the ASX 200 Index reaching news highs. The month quickly traded in the red declining 3% in the first 5 trading days driven by a cratering oil price (which hit a low of \$49.96 on the 18th of January) and deteriorating base metal prices, both of which sent resource stocks lower. However, as has been the case since the bull market commenced in 2003 any minor pullback has been met with a wave of buying and by month's end the Small Ordinaries Index had rallied +4.59% from its lows to finish the month up 1.87%. The portfolio finished inline with the market returning +1.83% pre-fees. Corporate activity has continued at a fast pace in 2007 with January sporting 5 takeover

Unit Price as at 31 Jan. 2007

Application	\$2.1608
Redemption	\$2.1435
Fund Size	\$330 million
No. of stocks in portfolio	49

bids, which suggests activity will continue where 2006 left off (last year some 72 takeover bids were launched). The reporting season has commenced with results from both GUD Holdings and Alesco Corporation already released. The portfolio has a position in Alesco which was rewarded for reporting inline and for giving transparent earnings guidance. February will provide insight into the current and future state of corporate Australia which may prove influential for the portfolio's positioning for the balance of 2007. Cash has remained at 5% of FUM.

Performance Statistics to 31 January 2007

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	Since Inception %*
EGG Small Companies Fund	+1.83%	+8.17%	+35.36%	+33.36%	+269.68%
S&P/ASX Small Ordinaries Accumulation Index	+1.87%	+10.20%	+31.76%	+27.42%	+169.80%
Out performance	-0.04%	-2.03%	+3.60%	+5.94%	+99.88%

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

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being Silex Systems (+13.07%), Aquarius Platinum Limited (+18.12%), and Sally Malay Mining Limited (+35.34%). The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being Australian Worldwide Exploration (-16.07%), United Group Limited (-5.59%) and Coates Hire Limited (-5.81%).

Top 10 Stocks*

	Portfolio Weight
1 Ramsay Health Care Limited	4.35%
2 Aquarius Platinum Limited	4.06%
3 IRESS Market Technology	3.82%
4 Coates Hire Limited	3.82%
5 Australian Worldwide Exp.	3.48%
6 Silex Systems Limited	3.47%
7 Cabcharge Australia Limited	3.32%
8 Hastie Group Limited	3.10%
9 United Group Limited.	3.03%
10 WHK Group Limited	3.02%
Top 10 Stocks	35.48%
Other Stocks	58.38%
Cash	6.14%
Total	100%

*For the Small Companies Fund as at 31st Dec 2006

Portfolio Changes

Additions: Abacus Property Group (valuation), MFS Limited (tactical) and Summit Resources Limited (tactical)

Deletions: Austbrokers Holdings Limited (Profit Taking)

Market Sector Exposure*

	Fund %
Materials	13.3%
Energy	5.9%
Industrials	35.0%
Consumer Disc	11.4%
Healthcare	6.2%
Consumer Staples	0.0%
Financials	10.5%
Information Tech	7.8%
Telecoms	2.7%
Utilities	0.0%
Property Trusts	1.6%
Cash	5.6%
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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