



Small Companies Fund

Monthly Report

January 2008

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index started 2008 with an amazing pull back, declining 14.37% in January, one of the largest monthly declines in the index's history. The Eley Griffiths Group Small Companies Fund outperformed the index by 0.33% for the month and maintained a positive return for the year to date pre fees. January saw a continuation of sub-prime write-downs by global investment banks unsettling sentiment towards local financial stocks. There was continued talk of the US and Japan heading for recession and more local companies felt the credit crunch with MFS unable to roll its existing loans and looked to private equity to sell its tourism business, Stella. Merger & Acquisition activity ground to a halt in January, with the month being the first

Unit Price as at 31 January 2008

Application	\$1.7979
Redemption	1.7835
Fund Size	\$408 million
No. of stocks in portfolio	51

month since November 2003 that a takeover bid in the small cap space had not been announced. Volatility was extraordinary throughout January with daily volatility at 2.5%. To put this in focus volatility for 2007 was only 0.5% on average. The market was sold off aggressively on heavy short selling, margin calls and a lack of buying from retail investors and institutions alike, preferring to await the reporting season to invest with more certainty of earnings. Cash levels finished January at 5%.

Performance Statistics to 31 January 2008

	1 Month %	3 Month %	1 Year %	3 Year % p.a.
EGG Small Companies Fund	-14.04%	-17.49%	+0.10%	+18.40%
S&P/ASX Small Ordinaries Accumulation Index	-14.37%	-19.55%	-1.60%	+15.45%
Out performance	+0.33%	+2.06%	+1.70%	+2.95%

* 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 **Nufarm** (+5.22%) and **Aquarius Platinum** (-0.77%). The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being **Kagara** (-39.68%), **Flight Centre** (-28.14%) and **Transfield Services** (-19.20%).

Top 10 Stocks*

	Portfolio Weight
1 Hastie Group Limited	3.80%
2 Australian Worldwide Expl Ltd	3.62%
3 Cabcharge Australia Limited	3.42%
4 Ramsay Health Care Limited	3.21%
5 Aquarius Platinum Limited	3.15%
6 IRESS Market Technology	3.06%
7 Alesco Corporation Limited	2.79%
8 Flight Centre Limited	2.76%
9 GWA International Limited	2.68%
10 WHK Group Limited	2.62%
Top 10 Stocks	31.10%
Other Stocks	61.72%
Cash	7.18%
Total	100%

*For the Small Companies Fund as at 31st December 2007.

Portfolio Changes

Additions: Nil

Deletions: Oakton (company review), Perilya (company review), Seven Network (Valuation) and GrainCorp (Tactical).

Market Sector Exposure*

	Fund %
Materials	19.1%
Energy	9.1%
Industrials	27.9%
Consumer Disc	10.4%
Healthcare	7.3%
Consumer Staples	0.0%
Financials	9.8%
Information Tech	7.9%
Telecoms	0.0%
Utilities	1.3%
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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