



# Small Companies Fund

## Monthly Report

July 2008

### Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in July fell 5.48%, continuing the negative move in June as concerns of slowing world growth saw commodity prices retreat from record highs. The Eley Griffiths Group Small Companies Fund underperformed the index by 1.27% in July. The month saw investors' focus oscillate between resources and financials as base metals and the oil price fell away from record prices. Some fund managers opted to switch cash into underperforming financials. The economic data released during July continued to disappoint with building approvals and retail sales deteriorating while private sector credit growth continued to contract. Inflation data remained high but within market expectations while the RBA kept rates on

### Unit Price as at 31 July 2008

Application	\$1.5842
Redemption	\$1.5716
Fund Size	\$384 million
No. of stocks in portfolio	44

hold, indicating the tightening cycle is likely over. The A\$ retreated from its 20 year high of 97.70 as talk of a rate cut by pre Christmas surfaced. July saw a reversal of fortunes for both resource and industrial stocks with the Small Resources Index down 16.6% and the Small Industrial index up 2.6%. Merger & Acquisition activity was almost non existent again, with only 1 bid announced. Cash levels closed July at 9%, a level your manager feels appropriate awaiting further buying opportunities.

### Performance Statistics to 31 July 2008

	1 Month %	3 Month %	FYTD %	1 Year %	3 Year % p.a.
EGG Small Companies Fund	-6.75%	-11.05%	-6.75%	-17.37%	+13.98%
S&P/ASX Small Ordinaries Accumulation Index	-5.48%	-12.88%	-5.48%	-24.02%	+9.50%
Out performance	<b>-1.27%</b>	<b>+1.83%</b>	<b>-1.27%</b>	<b>+6.65%</b>	<b>+4.48%</b>

\* 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 **Felix Resources** (+23.53%) and **JB HiFi** (+16.44%). The portfolio was overweight 3 of the index's bottom 10 performing stocks (by index point contribution) being **Aquarius Platinum** (-35.35%), **Australian Worldwide Exploration** (-16.59%) and **Panoramic Resources** (-41.34%).

## Top 10 Stocks\*

	Portfolio Weight
1 Aquarius Platinum Limited	5.09%
2 OM Holdings Limited	3.85%
3 Australian Worldwide Expl.	3.52%
4 Silex Systems Limited	3.51%
5 IRESS Market Technology	3.28%
6 Cabcharge Australia Limited	3.04%
7 Felix Resources Limited	3.02%
8 Hastie Group Limited	2.87%
9 Seek Limited	2.68%
10 Primary Health Care Limited	2.63%
<b>Top 10 Stocks</b>	<b>33.49%</b>
<b>Other Stocks</b>	<b>57.12%</b>
<b>Cash</b>	<b>9.39%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 30<sup>th</sup> June 2008.

## Portfolio Changes

**Additions:** Nil.

**Deletions:** Kagara (Process Signal), MacArthur Coal (Corporate Activity dissipates) and Integra Mining (tactical).

## Market Sector Exposure\*

	Fund %
Materials	25.3%
Energy	12.7%
Industrials	21.5%
Consumer Disc	11.5%
Healthcare	5.8%
Consumer Staples	0.0%
Financials	5.2%
Information Tech	8.2%
Telecoms	0.4%
Utilities	0.0%
Property Trusts	0.0%
Cash	9.4%
<b>Total</b>	<b>100%</b>

## 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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