



Small Companies Fund

Monthly Report

July 2010

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index rebounded in July in the absence of any major negative news flow and reinforcing the support levels established in May this year. Overall trading volumes remained subdued, consistent with what historically is a quiet news flow period ahead of the key August reporting period. The improved sentiment for riskier assets reflected diminishing concerns over the sovereign debt issues in Europe and the extent of the slowdown in China. The outlook for the US economy remains the subject of debate with a number of key leading indicators showing renewed signs of weakness while Q2 corporate earnings are surprising on the upside. Investors were also beginning to focus on the potential for China to start re-stimulating its economy as sequential growth fell below trend.

Unit Price as at 31 July 2010

Application	\$1.5488
Redemption	\$1.5364
Fund Size	\$522 million
No. of stocks in portfolio	47

Domestically, the new Prime Minister announced a revised (and mining-company-approved) resource tax and set an election date for 21 August. The RBA kept the cash rate on hold at 4.50% in early July and consensus is for no change in the near future. M&A activity continued to increase, with bids being made for HSP, MCU, AVE and a merger proposal between AWB and GNC. The majority of the economic data releases during July showed signs of moderation except employment growth which remained strong. The AUD rebounded in line with improving sentiment, finishing the month at 90.1¢. Our cash levels closed June at around 6%.

Performance Statistics to 31 July 2010

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	+4.09%	-6.04%	+16.70%	-4.52%	+9.30%
S&P/ASX Small Ordinaries Accumulation Index	+5.21%	-6.98%	+7.30%	-12.43%	+3.02%
Out performance	-1.12%	+0.94%	+9.40%	+7.91%	+6.28%

* Fund returns are calculated before fees are deducted.

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being Adelaide Brighton (+18.28%), PanAust (+15.15%) and Equinox Minerals (+18.31%). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being Programmed Maintenance Services (-23.69%).

Top 10 Stocks*

	Portfolio Weight
1 Andean Resources Limited	3.72%
2 Whitehaven Coal Limited	3.48%
3 OM Holdings Limited	3.38%
4 Adelaide Brighton Limited	3.35%
5 GWA International Limited	3.26%
6 SAI Global Limited	3.20%
7 Ausdrill Limited	3.08%
8 iiNet Limited	2.97%
9 Equinox Minerals Limited	2.92%
10 Campbell Brothers Limited	2.82%
Top 10 Stocks	32.18%
Other Stocks	62.18%
Cash	5.64%
Total	100%

*For the Small Companies Fund as at 30th June 2010.

Portfolio Changes

Additions: Riversdale Mining (tactical).

Deletions: Healthscope (tactical), Aevum (liquidity event), Cabcharge (company review) and Pan Pacific Petroleum (company review).

Market Sector Exposure*

	Fund %
Materials	24.2%
Energy	7.5%
Industrials	22.0%
Consumer Disc	16.7%
Healthcare	7.3%
Consumer Staples	1.5%
Financials	7.3%
Information Tech	5.0%
Telecoms	3.0%
Utilities	0.0%
Property Trusts	0.0%
Cash	5.6%
Total	100%

Eley Griffiths Group ratings

Rating Company	Rating
Morningstar	Highly Recommended Highest Rating
Standard & Poor's	★★★★★ - 5 stars Highest Rating
Lonsec	Highly Recommended Highest Rating
Zenith	Highly Recommended Highest Rating
van Eyk	A rating Second Highest Rating

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