



# Small Companies Fund

## Monthly Report

June 2007

### Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index closed up 0.07% in June bringing to a close the 2007 financial year. After hitting an all time high on the 4th of June, concerns of further deterioration in the US sub prime market and rising bond yields saw equity markets stumble towards the end of the month. The oil price edging toward US\$70/bbl did little to help. Rising bond yields had a broader impact than equity valuations with numerous private equity transactions put on hold or needing restructure with the commensurate increased cost of debt. Looking back on the year it was the continued strength of the economy (evidenced by the March Qtr GDP) combined with a benign CPI (2.4%yoy) and 32-year-low unemployment (4.2%) that provided the favourable

### Unit Price as at 30 June 2007

Application	\$2.4890
Redemption	\$2.4691
Fund Size	\$423 million
No. of stocks in portfolio	53

backdrop for the Australian market. The key issues facing Australian equities for the new financial year will be surplus liquidity versus full valuations, Chinese expansion in the face of increasing interest rates, domestic capacity constraints and the appreciating Australian Dollar.

### Performance Statistics to 30 June 2007

	1 Month %	3 Month %	1 Year %	3 Year % p.a.
EGG Small Companies Fund	-0.49%	+9.36%	+40.02%	+36.98%
S&P/ASX Small Ordinaries Accumulation Index	+0.07%	+10.84%	+44.43%	+32.17%
Out performance	<b>-0.56%</b>	<b>-1.48%</b>	<b>-4.41%</b>	<b>+4.81%</b>

\* 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 **Silex Systems** (+13.8%), **JB Hi-Fi** (+18.9%) and **Australian Worldwide Exploration** (+9.0%).

The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being **Henderson Group** (-5.8%) and **Sally Malay Mining** (-14.5%).

## Top 10 Stocks\*

	Portfolio Weight
1 Ramsay Health Care Limited	4.06%
2 IRESS Market Technology	3.96%
3 Australian Worldwide Expl.	3.81%
4 Alesco Corporation Limited	3.39%
5 Aquarius Platinum Limited	3.25%
6 Coates Hire Limited	3.21%
7 Cabcharge Australia Limited	3.02%
8 WHK Group Limited	2.76%
9 Hastie Group Limited	2.66%
10 Adelaide Brighton Limited	2.63%
<b>Top 10 Stocks</b>	<b>32.75%</b>
<b>Other Stocks</b>	<b>60.47%</b>
<b>Cash</b>	<b>6.78%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> May 2007.

## Portfolio Changes

**Additions:** Seven Network (Valuation) and TAP Oil (Company Visit).

**Deletions:** JB Hi-Fi (Profit Taking).

## Market Sector Exposure\*

	Fund %
Materials	11.7%
Energy	9.2%
Industrials	32.1%
Consumer Disc	13.2%
Healthcare	7.5%
Consumer Staples	0.0%
Financials	10.7%
Information Tech	7.8%
Telecoms	0.0%
Utilities	0.0%
Property Trusts	1.0%
Cash	6.8%
<b>Total</b>	<b>100%</b>

## 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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