



Small Companies Fund

Monthly Report

June 2008

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in June fell 11.31%, reversing the positive move in May as risk aversion returned ending the worst financial year in 26 years. The Eley Griffiths Group Small Companies Fund outperformed the index by 3.27% in June. The month saw investors maintain focus on troubled overseas financials and the oil price as it pushed to record an intra day high of over \$142 per barrel, which has almost doubled since June last year. The RBA as expected left rates on hold at 7.25% as employment, housing, retail and credit growth was again soft. Comments from the RBA board suggest that the current interest rate level is slowing the economy effectively and there is currently no need for further rate hikes. The fall in the Small Ordinaries in June was compounded by tax loss selling,

Unit Price as at 30 June 2008

Application	\$1.8108
Redemption	\$1.7964
Fund Size	\$425 million
No. of stocks in portfolio	47

particularly Small Industrial stocks whose index fell more than 15% in the month. A number of small retailers warned during June as the impacts of higher rates and petrol prices impact on discretionary spending. It has not been a year for the Small Industrials with the index falling by 36.5%, although on the other hand it was a year to own resources with the Small Resources Index finishing up slightly over 20%. Merger & Acquisition activity maintained May levels, with 7 bids announced. Cash levels closed June at 9%, a level your manager feels appropriate awaiting further buying opportunities.

Performance Statistics to 30 June 2008

	1 Month %	3 Month %	FYTD %	1 Year %	3 Year % p.a.
EYG Small Companies Fund	-8.04%	-1.40%	-12.51%	-12.51%	+17.49%
S&P/ASX Small Ordinaries Accumulation Index	-11.31%	-4.56%	-20.46%	-20.46%	+12.97%
Out performance	+3.27%	+3.16%	+7.95%	+7.95%	+4.52%

* 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) **OM Holdings** (+17.70%), **Silex Systems** (+11.17%) and **JB HiFi** (+7.84%). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being **Felix Resources** (-26.41%).

Top 10 Stocks*

	Portfolio Weight
1 Aquarius Platinum Limited	4.72%
2 Felix Resources Limited	3.57%
3 Australian Worldwide Expl.	3.56%
4 IRESS Market Technology	3.12%
5 Hastie Group Limited	3.09%
6 Cabcharge Australia Limited	3.04%
7 OM Holdings Limited	2.98%
8 Silex Systems Limited	2.88%
9 Primary Health Care Limited	2.81%
10 Seek Limited	2.66%
Top 10 Stocks	32.43%
Other Stocks	59.41%
Cash	8.16%
Total	100%

*For the Small Companies Fund as at 31st May 2008.

Portfolio Changes

Additions: Nil.

Deletions: Henderson Global (tactical).

Market Sector Exposure*

	Fund %
Materials	24.3%
Energy	12.6%
Industrials	21.9%
Consumer Disc	11.4%
Healthcare	5.9%
Consumer Staples	0.0%
Financials	7.1%
Information Tech	8.2%
Telecoms	0.5%
Utilities	0.0%
Property Trusts	0.0%
Cash	8.2%
Total	100%

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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