



Small Companies Fund

Monthly Report

June 2010

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index traded lower in June on continued concerns over European sovereign debt and moderating growth expectations in China and the US. Australia continued to deal with the proposed Resource Super Profits Tax (RSPT), the potential for modification in the face of strong mining sector pressure and a change in leadership, with Julia Gillard replacing Kevin Rudd as Prime Minister. The Small Ordinaries Accumulation Index ended close to May's intra-month low of 4,981, finishing down 3.73% for June but up 11.18% for the 2009/10 financial year. Interestingly Materials were the best performing sector for this financial year (the RSPT only really having an effect for the last quarter) followed by Industrials (heavily laden with mining services

Unit Price as at 30 June 2010

Application	\$1.5142
Redemption	\$1.5021

Fund Size	\$504 million
No. of stocks in portfolio	49

companies). Consumer Staples, Energy and Utilities were the worst performers for the benchmark for the 2009/10 financial year. M&A activity continued to increase, highlighting the under-leveraged nature of corporate balance sheets. The RBA kept the cash rate on hold at 4.50% in early June and consensus is for no change in July. The economic data was mixed during June. Housing Finance and consumer confidence were softer while the unemployment rate fell 0.2ppt to 5.2%. GDP increased +0.5% in the March qtr (in line with market expectations), while the AUD rebounded slightly with improving sentiment, finishing the month at 85.5¢

Performance Statistics to 30 June 2010

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	5 Year % p.a.
EGG Small Companies Fund	-2.42%	- 6.91%	+21.13%	-6.19%	+8.88%
S&P/ASX Small Ordinaries Accumulation Index	-3.73%	-11.59%	+11.18%	-14.20%	+2.74%
Out performance	+1.31%	+4.68%	+9.95%	+8.01%	+6.14%

* Fund returns are calculated before fees are deducted.

(+0.8¢). Our cash levels closed June at around 5.5%.

Attribution

The portfolio was overweight none of the index's top 10 performing stocks (by index point contribution). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being Ten Network (-7.74%).

Top 10 Stocks*

	Portfolio Weight
1 OM Holdings Limited	3.81%
2 Adelaide Brighton Limited	3.57%
3 Andean Resources Limited	3.53%
4 Whitehaven Coal Limited	3.52%
5 GWA International Limited	3.25%
6 Ausdrill Limited	3.24%
7 Equinox Minerals Limited	3.21%
8 ResMed Inc.	3.20%
9 SAI Global Limited	3.13%
10 Ramsay Health Care Limited	3.01%
Top 10 Stocks	33.47%
Other Stocks	61.12%
Cash	5.41%
Total	100%

*For the Small Companies Fund as at 31st May 2010.

Portfolio Changes

Additions: Aurora Oil & Gas (tactical), Healthscope (tactical).

Deletions: Nomad Building Solutions (company review).

Market Sector Exposure*

	Fund %
Materials	24.7%
Energy	7.2%
Industrials	22.5%
Consumer Disc	17.0%
Healthcare	6.9%
Consumer Staples	1.6%
Financials	7.4%
Information Tech	4.7%
Telecoms	2.6%
Utilities	0.0%
Property Trusts	0.0%
Cash	5.4%
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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