



# Small Companies Fund

## Monthly Report

### March 2007

#### Portfolio Performance and Strategy

In step with offshore markets the late February sell-off gave way to a rally in March with the Small Ordinaries Accumulation Index rising 4.04%. The portfolio performed well, returning 4.35% pre-fees. The month was characterised by a sharp rise in the oil price which was trading at a low of \$56.17/bbl on the 20th of March and finished the month at \$66.66/bbl up 18%. The price spike was a speculative reaction to the heightened unrest between the US/UK and Iran and anticipated inventory draw down ahead of the US driving season. Large cap oil stocks reacted favorably however the smaller oil stocks remained stubbornly subdued. Another key feature of March trading was the AUD/USD exchange rate which firmed to over 81 cents on

#### Unit Price as at 31 Mar. 2007

Application	\$2.2830
Redemption	\$2.2648
Fund Size	\$352 million
No. of stocks in portfolio	51

speculation the Reserve Bank of Australia would lift official interest rates to 6.5% at its April meeting. A mid month bid for LionOre Mining from Xstrata lit a flame under the listed Nickel stocks and the government's declaration that the new media ownership laws would take effect from April 4 ensured that media stocks finished the month firmly. Cash is currently at 7% of the portfolio and is likely to remain around this level in the foreseeable future.

#### Performance Statistics to 31 March 2007

	1 Month %	3 Month %	1 Year %	3 Year % p.a.	Since Inception %*
EGG Small Companies Fund	+4.35%	+7.84%	+31.45%	+35.69%	+291.52%
S&P/ASX Small Ordinaries Accumulation Index	+4.04%	+7.27%	+27.77%	+28.33%	+184.09%
Out performance	<b>+0.31%</b>	<b>+0.58%</b>	<b>+3.68%</b>	<b>+7.36%</b>	<b>+107.43%</b>

\* Fund returns are calculated before fees are deducted; incorporates EGG Model portfolio 01/02/03 to 31/09/03

## Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being **Silex Systems Limited** (+63.36%), **Aquarius Platinum Limited** (+19.24%) and **Nufarm Limited** (+13.55%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being **Sino Gold Limited** (-13.18%) and **Kagara Zinc Limited** (-8.39%).

## Top 10 Stocks\*

	Portfolio Weight
1 Ramsay Health Care Limited	4.07%
2 IRESS Market Technology	4.03%
3 Coates Hire Limited	3.38%
4 Adelaide Brighton Limited	3.32%
5 Cabcharge Australia Limited	3.27%
6 Hastie Group Limited	3.23%
7 Silex Systems Limited	3.18%
8 Alesco Corporation Limited	3.14%
9 United Group Limited.	3.01%
10 Aquarius Platinum Limited	3.01%
<b>Top 10 Stocks</b>	<b>33.64%</b>
<b>Other Stocks</b>	<b>59.99%</b>
<b>Cash</b>	<b>6.37%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 28<sup>th</sup> Feb 2007

## Portfolio Changes

**Additions:** PMP Limited, Austar Limited , Wattyl Limited (where all added after post reporting season review).

**Deletions:** Salmat Limited (post reporting season review)

## Market Sector Exposure\*

	Fund %
Materials	13.5%
Energy	5.6%
Industrials	35.7%
Consumer Disc	11.9%
Healthcare	5.9%
Consumer Staples	0.0%
Financials	9.8%
Information Tech	7.5%
Telecoms	2.6%
Utilities	0.0%
Property Trusts	1.1%
Cash	6.4%
<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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