



# Small Companies Fund

## Monthly Report

May 2008

### Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in April rallied 3.93%, adding to the strong move in April where the index rose 3.54%. The Eley Griffiths Group Small Companies Fund underperformed the index by 0.20% in May. The month saw investors focus shift squarely to the oil price as it pushed to record high of \$133 per barrel, while in the financial space Westpac bid for St George Bank in an attempt to create Australia's largest banking group valued at close to \$60 Billion. The RBA reduced growth forecasts and as expected left rates on hold at 7.25%, employment numbers remained strong while housing and financing data was again soft. The Small Ordinaries rallied throughout May on the back of the Small Resources Index

### Unit Price as at 31 May 2008

Application	\$1.9712
Redemption	\$1.9555
Fund Size	\$466 million
No. of stocks in portfolio	48

which surged more than 12% while the Small Industrials Index underwhelmed falling by more than 1.5%. Iron Ore and Energy stocks were standouts in May with record oil and coal prices combining with ongoing Merger & Acquisition activity in the space stimulating a strong investor response. Merger & Acquisition activity slipped back in favour in May, with 7 bids announced and 6 substantial capital raisings. Cash levels closed May at 8%, a level your manager feels appropriate awaiting further buying opportunities.

### Performance Statistics to 31 May 2008

	1 Month %	3 Month %	FYTD %	1 Year %	3 Year % p.a.
EGG Small Companies Fund	+3.73%	+2.78%	-4.87%	-5.33%	+23.69%
S&P/ASX Small Ordinaries Accumulation Index	+3.93%	+2.49%	-10.31%	-10.25%	+19.80%
Out performance	<b>-0.20%</b>	<b>+0.29%</b>	<b>+5.44%</b>	<b>+4.92%</b>	<b>+3.89%</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 **Felix Resources** (+58.22%), **Australian Worldwide Exploration** (+17.53%) and **OM Holdings** (+43.87%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being **Babcock & Brown Power** (-29.55%) and **Ramsay Healthcare** (-7.73%).

## Top 10 Stocks\*

	Portfolio Weight
1 Aquarius Platinum Limited	4.57%
2 Ramsay Health Care Limited	3.48%
3 Australian Worldwide Expl.	3.36%
4 Nufarm Limited	3.26%
5 OM Holdings Limited	3.17%
6 Cabcharge Australia Limited	3.06%
7 IRESS Market Technology	2.83%
8 Hastie Group Limited	2.81%
9 Primary Health Care Limited	2.77%
10 Sally Malay Mining Limited	2.68%
<b>Top 10 Stocks</b>	<b>31.99%</b>
<b>Other Stocks</b>	<b>60.53%</b>
<b>Cash</b>	<b>7.48%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 30<sup>th</sup> April 2008.

## Portfolio Changes

**Additions:** Energy Resources of Australia (Company Visit), ii Net (Acquisition), MacArthur Coal (Tactical) and Sunshine Gas (Tactical).

**Deletions:** Babcock & Brown Power (Tactical), Cooper Energy (Unsuccessful Drilling) and Transfield (Index Removal).

## Market Sector Exposure\*

	Fund %
Materials	24.3%
Energy	12.6%
Industrials	21.9%
Consumer Disc	11.3%
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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