



Small Companies Fund

Monthly Report

May 2009

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in May rose 7.45%, continuing the up trend of April but slowing from the double digit growth of the past two months. The Eley Griffiths Group Small Companies Fund outperformed the index by 2.41%. Interestingly, small caps extended their outperformance over big caps by 6.46% in May. Investors continue to scramble to find “beta” in the market due to perceptions of improvement in the global economy. The month of May kept investors on the go with numerous data points and capital raisings. First, there was the official results of the ‘*Stress Testing*’ of the US banks, with most passing and almost all of the results pre-leaked to the market. Second, there was the continual cash call on investors to take up deeply discounted rights issues and

Unit Price as at 31 May 2009

Application	\$1.2900
Redemption	\$1.2798
Fund Size	\$314 million
No. of stocks in portfolio	48

placements. Excluding the Telstra T3 placement, May was the largest month on record for capital raisings with \$14.7billion raised. This included \$450million raised in the small cap space alone. There was a renewed buying campaign in most resource stocks with the Small Resources Accumulation Index up 16.68%, while the Small Industrials Index lagged to be up only 2.07%. The small cap space received two takeover bids during the month of April. Our cash levels closed May at around 5%, which will continue to be reviewed by your manager through out the month of June.

Performance Statistics to 31 May 2009

	1 Month %	3 Month %	FYTD %	1 Year %	5 Year % p.a.
EYG Small Companies Fund	+9.86%	+32.61%	-23.24%	-29.41%	+12.19%
S&P/ASX Small Ordinaries Accumulation Index	+7.45%	+34.43%	-30.69%	-38.53%	+5.32%
Out performance	+2.41%	-1.82%	+7.45%	+9.12%	+6.87%

* 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 Sino Gold Mining (+19.63%), SEEK (+24.62%) and Ramsay Healthcare (+18.92%). The portfolio was overweight none of the index's bottom 10 performing stocks (by index point contribution).

Top 10 Stocks*

	Portfolio Weight
1 Silex Systems Limited	3.50%
2 Cabcharge Australia Limited	3.44%
3 Felix Resources Limited	3.33%
4 Crane Group Limited	3.15%
5 IRESS Market Technology	3.15%
6 Adelaide Brighton Limited	3.05%
7 OM Holdings Limited	3.02%
8 iiNet Limited	3.00%
9 WHK Group Limited	2.90%
10 InvoCare Limited	2.66%
Top 10 Stocks	31.20%
Other Stocks	61.36%
Cash	7.44%
Total	100%

*For the Small Companies Fund as at 30th April 2009.

Portfolio Changes

Additions: Alliance Resources (tactical), Graincorp (tactical) and PanAust (stock review).

Deletions: Keybridge Capital (stock review).

Market Sector Exposure*

	Fund %
Materials	21.4%
Energy	9.5%
Industrials	26.1%
Consumer Disc	15.0%
Healthcare	5.6%
Consumer Staples	0.0%
Financials	5.4%
Information Tech	6.6%
Telecoms	3.0%
Utilities	0.0%
Property Trusts	0.0%
Cash	7.4%
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	Recommended Second Highest Rating
van Eyk	A rating Second Highest Rating

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