



Small Companies Fund

Monthly Report

October 2008

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in September fell 24.81%, its biggest monthly fall on record. The Eley Griffiths Group Small Companies Fund outperformed the index by 5.71%. During the month investors' focus largely shifted from the risks of a collapse in the global financial system to the increasing likelihood and implications of a global recession. Volatility in markets hit all time highs as the VIX index reached previously unseen levels, while the release of more details of the US Treasury's rescue package added confidence to market players with interbank lending rates beginning to normalise. The RBA in October caught the market by surprise and cut rates by 1.00% as part of a coordinated measure to curb the likelihood of a global recession and to boost the local

Unit Price as at 31 October 2008

Application	\$1.1291
Redemption	\$1.1201
Fund Size	\$269 million
No. of stocks in portfolio	42

economy. The market is assuming further rate cuts by the RBA into the new year. The small cap market capitulated into month end, with a cathartic index move to levels not seen since 2003. Resource and mining services stocks performed worst with property related stocks also heavily dealt with. This manager last saw fear and panic on a scale like this in 1987. The A\$ continued its retreat from September falling to US\$0.6012 intra month, which saw the RBA intervene to support the currency. Cash levels closed October at around 12%, which will be under review by your manager this month.

Performance Statistics to 31 October 2008

	1 Month %	3 Month %	FYTD %	1 Year %	5 Year % p.a.
EKG Small Companies Fund	-19.10%	-28.48%	-33.31%	-44.29%	+10.89%
S&P/ASX Small Ordinaries Accumulation Index	-24.81%	-34.86%	-38.44%	-53.27%	+3.60%
Out performance	+5.71%	+6.38%	+5.13%	+8.98%	+7.29%

* 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 Sunshine Gas (+36.40%), Silex Systems (+11.43%) and MYOB (+10.78%). The portfolio was overweight 2 of the index's bottom 10 performing stocks (by index point contribution) being Aquarius Platinum (-48.55%) and Felix Resources (-30.15%).

Top 10 Stocks*

	Portfolio Weight
1 Seek Limited	3.77%
2 Primary Health Care Limited	3.61%
3 Felix Resources Limited	3.57%
4 Flight Centre Limited	3.45%
5 Ramsay Health Care Limited	3.42%
6 Cabcharge Australia Limited	3.24%
7 Adelaide Brighton Limited	3.11%
8 Programmed Maintenance	3.06%
9 Hastie Group Limited	3.02%
10 OM Holdings Limited	2.91%
Top 10 Stocks	33.16%
Other Stocks	55.16%
Cash	11.68%
Total	100%

*For the Small Companies Fund as at 30th September 2008.

Portfolio Changes

Additions: Bradken (valuation).

Deletions: RR Australia (liquidity) and Sunshine Gas / Queensland Gas (bid).

Market Sector Exposure*

	Fund %
Materials	16.9%
Energy	9.9%
Industrials	23.9%
Consumer Disc	14.8%
Healthcare	8.8%
Consumer Staples	0.0%
Financials	4.4%
Information Tech	8.0%
Telecoms	1.6%
Utilities	0.0%
Property Trusts	0.0%
Cash	11.7%
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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