



Small Companies Fund

Monthly Report

September 2008

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in September fell 15.02%, reverting back to the negative months of June and July and showing extreme volatility. The Eley Griffiths Group Small Companies Fund outperformed the index by 1.73%. During the month investors' focus largely shifted offshore to the uncertainty of the US financial system, the "Rescue Package" and concern over China's economic growth. The US Treasury's "Rescue Package" largely amounts to a necessary bailout for the banking community and not a stimulus for the greater economy. Concerns about the growth trajectory of China's economy grew and the market quickly drew a line to likely weaker commodity demand. The RBA in early September did cut rates by 0.25% after

Unit Price as at 30 September 2008

Application	\$1.3976
Redemption	\$1.3864

Fund Size	\$339 million
No. of stocks in portfolio	43

commenting in August that a pre-emptive easing of interest rates would be required. The A\$ continued its retreat from August falling over US\$0.05 to below US\$0.80 by month end. Merger & Acquisition activity was again quiet with only three bids recorded this month. The key issue for investors near term remains the trade-off between additional earnings risk from the slowing domestic economy, the weakness in commodity prices and the longer term implications from the financial meltdown offshore. Equities remain attractively priced versus bonds. Cash levels closed September at 12%, which will be under review by your manager this month.

Performance Statistics to 30 September 2008

	1 Month %	3 Month %	FYTD %	1 Year %	5 Year % p.a.
EKG Small Companies Fund	-13.28%	-17.57%	-17.57%	-27.89%	+16.85%
S&P/ASX Small Ordinaries Accumulation Index	-15.02%	-18.12%	-18.12%	-34.51%	+11.22%
Out performance	+1.74%	+0.55%	+0.55%	+6.62%	+5.63%

* Fund returns are calculated before fees are deducted.

Attribution

The portfolio was overweight none of the index's top 10 performing stocks (by index point contribution) being. The portfolio was overweight 4 of the index's bottom 10 performing stocks (by index point contribution) being Aquarius Platinum (-45.14%), Silex Systems (-51.39%), Australian Worldwide Exploration (-26.86%) and Felix Resources (-15.82%).

Top 10 Stocks*

	Portfolio Weight
1 Felix Resources Limited	3.53%
2 Aquarius Platinum Limited	3.40%
3 OM Holdings Limited	3.28%
4 Silex Systems Limited	3.24%
5 Seek Limited	3.07%
6 Australian Worldwide Expl.	3.04%
7 Primary Health Care Limited	3.02%
8 IRESS Market Technology	2.86%
9 Ramsay Health Care Limited	2.85%
10 Adelaide Brighton Limited	2.83%
Top 10 Stocks	31.12%
Other Stocks	56.00%
Cash	12.88%
Total	100%

*For the Small Companies Fund as at 31st August 2008.

Portfolio Changes

Additions: Campbell Brothers (Valuation), Oakton (Valuation) and The Reject Shop (valuation).

Deletions: Mount Gibson Iron (Index removal), Energy Resource of Australia (tactical), APN Property Group (valuation) and Alesco Corporation (company review).

Market Sector Exposure*

	Fund %
Materials	19.5%
Energy	11.7%
Industrials	23.3%
Consumer Disc	11.4%
Healthcare	7.4%
Consumer Staples	0.0%
Financials	5.7%
Information Tech	7.3%
Telecoms	0.9%
Utilities	0.0%
Property Trusts	0.0%
Cash	12.9%
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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