



Small Companies Fund

Monthly Report

December 2009

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in December rose 4.29%, out pacing the ASX 100 as the 'Santa Claus rally' took hold during December. The Eley Griffiths Group Small Companies Fund outperformed the index by 1.58%.

December continued the volatile trend of the past two months, with the Small Ordinaries index initially rallying 2.0% before selling off 4.2% then rallying 6.4% to end the month in positive territory. The main contributors to the Small Ords performance in December were the mining services and resources sectors. An obvious influence on resources outperformance seems to have been continued takeover activity in the coal space, with Yanzhou Coal's bid for Felix Resources concluding and MacArthur Coal launching a surprise bid for

Unit Price as at 31 December 2009

Application	\$1.6387
Redemption	\$1.6256

Fund Size	\$496 million
No. of stocks in portfolio	51

Gloucester Coal. Elsewhere, Chinese and Indian corporates remained embroiled in a bidding war for coal producer/explorer Rocklands Richfield Limited. A sweetened bid by the former was matched by the latter in early January. The mining services companies continued their outperformance as tender activity gathered pace suggesting the mining capex drought might be breaking. The RBA backed up the October and November rate increases by raising rates another 0.25% to 3.75% in early December. The Australian Dollar was also volatile throughout the month, climbing to above US\$0.93 before finishing back at just below US\$0.90 at month end. The

Performance Statistics to 31 December 2009

	1 Month %	3 Month %	FYTD %	1 Year %	5 Year % p.a.
EGG Small Companies Fund	+5.87%	+4.39%	+30.29%	+66.26%	+12.29%
S&P/ASX Small Ordinaries Accumulation Index	+4.29%	+4.88%	+27.76%	+57.43%	+6.73%
Out performance	+1.58%	-0.49%	+2.53%	+8.83%	+5.56%

* Fund returns are calculated before fees are deducted.

economic data during December remained positive, although this trend is clearly now consensus with the market hardly reacting to the news flow. Merger and Acquisition activity remained subdued with only two takeovers announced during the month and 41 for the year. Our cash levels closed December at around 4.5%.

Attribution

The portfolio was overweight 3 of the index's top 10 performing stocks (by index point contribution) being Platinum Asset Management (+15.38%), Ten Network Holdings (+10.14%) and Adelaide Brighton (+10.44%). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being Silex Systems (-6.71%).

Top 10 Stocks*

	Portfolio Weight
1 OM Holdings Limited	4.00%
2 Equinox Minerals Limited	3.54%
3 Whitehaven Coal Limited	3.44%
4 GWA International Limited	3.00%
5 Andean Resources Limited	2.94%
6 Ausdrill Limited	2.92%
7 Silex Systems Limited	2.91%
8 Adelaide Brighton Limited	2.81%
9 SAI Global Limited	2.80%
10 Programmed Maintenance	2.80%
Top 10 Stocks	31.16%
Other Stocks	65.17%
Cash	3.67%
Total	100%

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

Portfolio Changes

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Additions: Nil.

Deletions: Felix Resources (takeover) and Challenger Financial Services Group (ASX100 inclusion).

Market Sector Exposure*

	Fund %
Materials	23.3%
Energy	12.7%
Industrials	22.9%
Consumer Disc	15.5%
Healthcare	6.1%
Consumer Staples	1.8%
Financials	8.0%
Information Tech	3.9%
Telecoms	2.0%
Utilities	0.0%
Property Trusts	0.0%
Cash	3.7%
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	Highly Recommended Highest Rating
van Eyk	A rating Second Highest Rating