



# Small Companies Fund

## Monthly Report

### February 2010

#### Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in February fell 0.48%, continuing the negative trend established in January. The Eley Griffiths Group Small Companies Fund outperformed the index by 2.07%. Small caps underperformed big caps in February due to an aversion to perceived risk as investors worried about PIGS (Portugal, Ireland, Greece and Spain) and sovereign debt issues. This was offset by bailout rumours and a mixed recovery in the US. As is normal, reporting season dominated the month of February with almost the entire universe of companies reporting their half or full year results. The results were generally mixed reflecting the variability of demand across the economy while overall earnings were slightly ahead of consensus analysts' forecasts. The RBA met for the first time in 2010 and kept

#### Unit Price as at 28 February 2010

Application	\$1.5341
Redemption	\$1.5218
Fund Size	\$478 million
No. of stocks in portfolio	50

rates on hold at 3.75%, although the RBA did raise rates by 0.25% in early March taking the cash rate to 4.0%. The Australian dollar was also volatile throughout the month, selling off to below US\$0.86 before finishing just off its highs at US\$0.896 by month end. Economic data remained strong with building approvals increasing and are now running +58% off their trough; consumer confidence moderated but remains well above long term averages and employment growth continues to positively surprise the market with the unemployment rate declining to 5.3%. Our cash levels closed February at around 4%.

#### Performance Statistics to 28 February 2010

	1 Month %	3 Month %	FYTD %	1 Year %	5 Year % p.a.
EGG Small Companies Fund	+1.59%	-0.68%	+22.23%	+64.52%	+9.72%
S&P/ASX Small Ordinaries Accumulation Index	-0.48%	-3.92%	+17.70%	+63.05%	+4.28%
<b>Out performance</b>	<b>+2.07%</b>	<b>+3.24%</b>	<b>+4.53%</b>	<b>+1.47%</b>	<b>+5.44%</b>

\* Fund returns are calculated before fees are deducted.

## Attribution

The portfolio was overweight 6 of the index's top 10 performing stocks (by index point contribution) being Ten Network Holdings (13.03%), Ramsay Healthcare (10.37%), Monadelphous Group (10.58%), Resmed Inc (11.05%), Wotif.com Holdings (10.21%) and GrainCorp (7.83%). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being Austar United Communications (-12.11%).

## Top 10 Stocks\*

	Portfolio Weight
1 OM Holdings Limited	4.09%
2 Whitehaven Coal Limited	3.80%
3 Equinox Minerals Limited	3.71%
4 Ausdrill Limited	3.40%
5 GWA International Limited	3.23%
6 SAI Global Limited	3.11%
7 Adelaide Brighton Limited	2.96%
8 Andean Resources Limited	2.91%
9 Ramsay Health Care Limited	2.77%
10 Programmed Maintenance	2.66%
<b>Top 10 Stocks</b>	<b>32.64%</b>
<b>Other Stocks</b>	<b>63.86%</b>
<b>Cash</b>	<b>3.50%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> January 2010.

## Portfolio Changes

**Additions:** Mount Gibson Iron (tactical) and SMS Management (valuation).

**Deletions:** Aquila Resources (tactical), MacArthur Coal (tactical) and Primary Healthcare (company review).

## Market Sector Exposure\*

	Fund %
Materials	23.6%
Energy	11.4%
Industrials	22.7%
Consumer Disc	16.7%
Healthcare	6.4%
Consumer Staples	2.0%
Financials	7.8%
Information Tech	3.9%
Telecoms	2.0%
Utilities	0.0%
Property Trusts	0.0%
Cash	3.5%
<b>Total</b>	<b>100%</b>

## 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

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