



Small Companies Fund

Monthly Report

October 2009

Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in October fell 1.18%, breaking the up trend of the past seven months. The Eley Griffiths Group Small Companies Fund underperformed the index by 0.33%. Small caps outperformed the large caps, although both benchmarks finished in the red at month end. October was a volatile month, with the Small Ordinaries index initially falling 2.7% before rallying 7.2% and finally selling off 5.4% to finish down for the month. The annual general meeting season was the investor's main focus in October as they waited to see how their companies were travelling in the improving economic environment. The emerging message is that companies are seeing some stabilisation in operating conditions, although not the earnings recovery being discounted by the share market during the

Unit Price as at 31 October 2009

Application	\$1.5491
Redemption	\$1.5368
Fund Size	\$444 million
No. of stocks in portfolio	51

month. Interest rates and currency were the other areas of interest in October with the RBA surprising with a 0.25% increase to move the official interest rate to 3.25%. The RBA also confirmed that a low interest rate setting was no longer appropriate paving the way for future increases (which eventuated with another 0.25% increase in early November). The Australian Dollar also climbed through US\$0.90 and topped out above US\$0.93 bringing focus to Australian exporters. Unemployment fell from 5.85% to 5.70%. Capital raisings remained subdued in October. Our cash levels closed October at around 5%.

Performance Statistics to 31 October 2009

	1 Month %	3 Month %	FYTD %	1 Year %	5 Year % p.a.
EGG Small Companies Fund	-1.51%	+13.79%	+22.93%	+43.59%	+12.10%
S&P/ASX Small Ordinaries Accumulation Index	-1.18%	+10.41%	+20.37%	+39.65%	+5.97%
Out performance	-0.33%	+3.38%	+2.56%	+3.94%	+6.13%

* Fund returns are calculated before fees are deducted.

Attribution

The portfolio was overweight 1 of the index's top 10 performing stocks (by index point contribution) being Equinox Minerals (+9.35%). The portfolio was overweight 1 of the index's bottom 10 performing stocks (by index point contribution) being Crane Group (-17.59%).

Top 10 Stocks*

	Portfolio Weight
1 OM Holdings Limited	3.82%
2 Whitehaven Coal Limited	3.34%
3 Adelaide Brighton Limited	3.33%
4 Equinox Minerals Limited	3.09%
5 Ausdrill Limited	3.04%
6 Silex Systems Limited	2.90%
7 GWA International Limited	2.83%
8 Hastie Group Limited	2.77%
9 SAI Global Limited	2.76%
10 Austar United Communication	2.76%
Top 10 Stocks	30.64%
Other Stocks	63.93%
Cash	5.43%
Total	100%

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

Portfolio Changes

Additions: AWB (tactical), Challenger Financial Services Group (tactical) and Extract Resources (tactical).

Deletions: Nil.

Market Sector Exposure*

	Fund %
Materials	23.6%
Energy	10.6%
Industrials	26.1%
Consumer Disc	13.5%
Healthcare	5.8%
Consumer Staples	1.5%
Financials	6.9%
Information Tech	4.3%
Telecoms	2.3%
Utilities	0.0%
Property Trusts	0.0%
Cash	5.4%
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	Highly Recommended Highest Rating
van Eyk	A rating Second Highest Rating

DISCLAIMER: This report was prepared by Eley Griffiths Group Pty Limited, AFSL No: 224818. This is general advice only and has been prepared without taking into account your particular objectives, financial circumstances and needs. Before making any decision based on this report, you should assess your own circumstances or consult a financial planner. You should obtain and consider a copy of the product disclosure statement relating to the Eley Griffiths Group Small Companies Fund, before acquiring the financial product. You may obtain a product disclosure statement from your financial planner. To the extent permitted by law, Fundhost Limited nor Eley Griffiths Group Pty Limited, its employees, consultants, advisers, officers and authorized representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this report.