



# Small Companies Fund

## Monthly Report

### January 2010

#### Portfolio Performance and Strategy

The Small Ordinaries Accumulation Index in January fell 7.43%, reversing the positive trend from the previous two months. The Eley Griffiths Group Small Companies Fund underperformed the index by 0.22%. January started positively with the market pushing higher on lower volumes and news flow. This changed mid month as investors sold profit laden stocks (namely resource and energy companies) as concern surfaced that China might slow its economy faster than expected to control inflation. It seems this likely spurred offshore 'fast money' accounts to exit profitable positions in the less liquid market forcing prices lower. Also notable were a number of companies pre reporting their December half results with varying commentaries on the near term outlook. The other main focus for investors in

#### Unit Price as at 31 January 2010

Application	\$1.5116
Redemption	\$1.4995

Fund Size	\$462 million
No. of stocks in portfolio	51

January is the upcoming reporting season with analysts and investors alike waiting to see how their companies have performed during a challenging period. The RBA did not meet in January but surprised the market by keeping rates on hold in early February at 3.75% (all analysts were expecting another 0.25% increase). The Australian Dollar was also volatile throughout the month, climbing to above US\$0.93 before finishing just of its lows at US\$0.884 by month end. The economic data continued to strengthen during January with building approvals and retail sales numbers pushing higher. Our cash levels closed January at around 3.5%.

#### Performance Statistics to 31 January 2010

	1 Month %	3 Month %	FYTD %	1 Year %	5 Year % p.a.
EGG Small Companies Fund	-7.65%	-2.12%	+20.32%	+60.48%	+9.51%
S&P/ASX Small Ordinaries Accumulation Index	-7.43%	-1.75%	+18.27%	+52.85%	+4.17%
Out performance	<b>-0.22%</b>	<b>-0.37%</b>	<b>+2.05%</b>	<b>+7.63%</b>	<b>+5.34%</b>

\* 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). The portfolio was overweight 4 of the index's bottom 10 performing stocks (by index point contribution) being PanAust (-16.81%), Mirabela Nickel (-18.40%), Whitehaven Coal (-15.30%) and Equinox Minerals (-14.25%).

## Top 10 Stocks\*

	Portfolio Weight
1 OM Holdings Limited	4.12%
2 Whitehaven Coal Limited	4.05%
3 Equinox Minerals Limited	3.77%
4 Ausdrill Limited	3.36%
5 GWA International Limited	3.14%
6 Adelaide Brighton Limited	3.04%
7 SAI Global Limited	2.97%
8 IRESS Market Technology	2.94%
9 Andean Resources Limited	2.90%
10 Programmed Maintenance	2.75%
<b>Top 10 Stocks</b>	<b>33.04%</b>
<b>Other Stocks</b>	<b>63.72%</b>
<b>Cash</b>	<b>3.24%</b>
<b>Total</b>	<b>100%</b>

\*For the Small Companies Fund as at 31<sup>st</sup> December 2009.

## Market Sector Exposure\*

	Fund %
Materials	24.6%
Energy	11.9%
Industrials	22.9%
Consumer Disc	16.2%
Healthcare	6.0%
Consumer Staples	2.0%
Financials	7.2%
Information Tech	4.2%
Telecoms	1.8%
Utilities	0.0%
Property Trusts	0.0%
Cash	3.2%
<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	<b>A</b> rating Second Highest Rating

## Portfolio Changes

**Additions:** Nil.

**Deletions:** Nil.

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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.

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