



Analyst(s): James Gunn; John Huynh

## Standard & Poor's View (at Oct. 11, 2010)

Standard & Poor's Fund Services rates this fund five stars. This reflects our very high conviction that the manager will consistently generate risk-adjusted returns in excess of relevant investment objectives and relative to peers.

The enduring nature and success of the partnership between Brian Eley and Ben Griffiths is quite unusual in the small-cap sector, with the pair having worked together for more than decade. Co-founding their own boutique Eley Griffiths Group (EGG) in 2003, they prudently outsourced non-investment activities, and progressively added an office manager/dealer and analyst. Their passion and ongoing commitment to the business are clear and particularly demonstrated in the alignment of interests with investors through their significant co-investment and full ownership of the business.

As small-cap specialists, we regard both of the portfolio managers highly. They bring extensive market experience to the firm and complementary skill sets, which encourage different perspectives in the investment process. This is evident in the actively managed research approach they developed together, which has proven effective over the long term and is particularly disciplined at the portfolio-construction stage. Analyst David Allingham's development has also been well managed, and he is now making a significant contribution to the team's overall stock coverage. While only the principals have equity in the firm at this point, this is expected to change within the next 12 months.

While Eley Griffiths is closed to new and existing institutional mandates, there is a risk that the manager takes on too much FUM as a consequence of wanting to remain open for the benefit of existing retail platform investors. As a result, we will continue to closely monitor the manager's FUM, but acknowledge that the portfolio managers are acutely aware of the competitive disadvantage of managing large amounts of money in this sector.

The manager has a proven track record of delivering consistent, risk-adjusted excess returns (at similar levels of FUM) and has not tended to exhibit the same extremes in relative performance as some of its peers. We maintain our very high conviction in the manager's ability to continue to do so.

## Fund Information

### Objectives

The fund's objective is to outperform the S&P/ASX Small Ordinaries Index over rolling three-year periods. The manager's excess return target is 6% per year, with expected tracking error of 6%-12%.

### General

APIR Code	EGG0001AU
Fund status	Open
Inception date	Sept. 12, 2003
Fund Size (\$A)	626.38 .mil
Benchmark	S&P/ASX Small Ordinaries TR
Peer group	Australian Equities - Small Cap
Responsible Entity	Fundhost Limited
Minimum investment (A\$)	25000

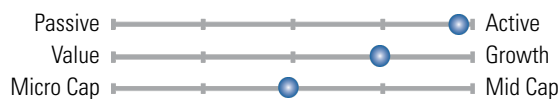
### Fees

Ongoing Fees (%)	Transaction Fees (%)
ICR	1.24
Management	1.37
Ongoing Brokerage	-
	Reinvestment
	Switching
	Upfront Brokerage

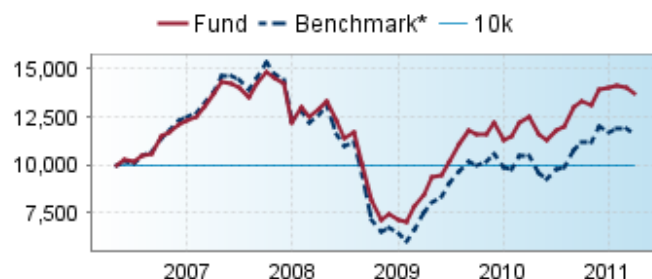
\* Benchmark: S&P/ASX Small Ordinaries TR.

## Fund Analysis

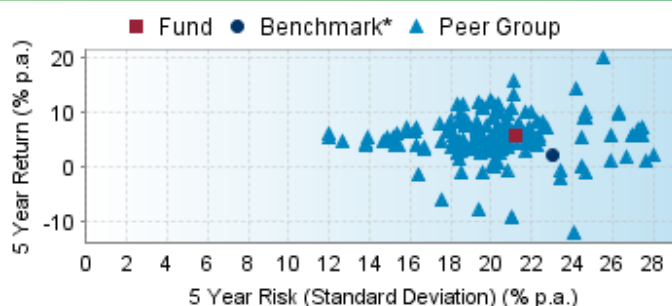
### Investment Style



### Growth of A\$10,000 (at April 30, 2011)



### Risk Return (at April 30, 2011)



### Performance Statistics (at April 30, 2011)

	3 mth	6 mth	1 yr	3 yr	5 yr
Fund Total	(-1.86)	2.91	9.56	2.16	5.79
Income	0	0	1.82	3.78	7.49
Growth	(-1.86)	2.91	7.74	(-1.62)	(-1.7)
Benchmark* Total	(-1.63)	3.58	10.5	(-2.92)	2.05
Excess Return	(-0.23)	(-0.67)	(-0.94)	5.08	3.74
Quartile Ranking	4	4	3	3	2

### Asset Allocation (%) (at April 30, 2011)

Class	Actual	Min.	Max.
Australian Equities	92.8	-	-
International Equities	-	-	-
Listed Property	-	-	-
Unlisted Property	-	-	-
Australian Fixed Interest	-	-	-
International Fixed Interest	-	-	-
Cash	7.2	-	-
Other	-	-	-
Mortgages	-	-	-

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