

The October market rebound of 4% was all but wiped out in November with the All Ordinaries Index down 3.2%, driven by Energy related stocks taking their lead from the sliding oil price. The broader resources sector also fell sharply on the back of more general commodity price falls. Australia under-performed global markets significantly. The equity market sell-off saw safe haven assets, such as bonds, do well with Australian 10 year government bond yields down 22bp to 3.06%.

While the Fund also fell in value (-1.6%), it handily out-performed the Index, as it tends to do when the market falls. One year returns are now quite modest with the All Ordinaries Accumulation Index up just 4% and the Fund up 2.7%, reflecting uncertainty over future growth prospects and valuations.

Within the Fund, the 5.1% gain in the **Woolworths** share price in October was wiped out by a 13.6% fall in November. The rout was precipitated by the first quarter sales announcement early in the month with management reporting sales up 3% over the prior year driven by the Australian Food and Liquor business, missing market expectations, and compounded by management comments that a good July was followed by soft August and September trading. At the AGM toward the end of the month, management confirmed prior guidance of 4 to 7% profit growth for the year which offered some solace.

Flight Centre was also a large negative contributor to Fund performance during the month mainly due to its high Fund weighting, rather than any specific company news, as it fell broadly in line with market falls. **ARB Corporation** was also a big mover though much of that was due to the payment of a \$1 special dividend during November, following the 16 cent final dividend in October. This was the fourth time a large special dividend has been paid in the last ten years and reflects the excellent stewardship of shareholder capital by ARB management.

Despite the falling market quite a number of stocks in the Fund managed to produce a positive return for the month with the largest contribution delivered by fund manager **Treasury Group** though there was no news of note appearing to drive the share price in that direction other than the falling Australian dollar which lifts the value of funds under management in Australian dollar terms. Also benefiting from the weakening dollar was **Magellan Flagship Fund**, comprising a portfolio of international stocks. The Fund also benefited from gains in the US stock market.

Dulux also made a positive contribution after announcing their full year results which was well received by the market, on the back of solid revenue, profit and dividend growth, a sound balance sheet and strong operating cash flow.

Performance 30-Nov-14	Ganes	All Ord Index
1 Month	-1.62%	-3.20%
3 Month	-2.22%	-4.66%
6 Month	-0.29%	-1.08%
1 Year	2.70%	3.98%
2 Year (p.a.)	10.40%	12.92%
3 Year (p.a.)	12.72%	12.98%
5 Year (p.a.)	10.32%	6.81%
Since Inception (p.a.)*	7.35%	6.03%
NAV Unit Price (\$)	1.4576	
Fund Assets (\$ million)	37.56	

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
Cash	24.26%
Flight Centre	9.63%
Woolworths	6.83%
Austbrokers Holdings Limited	6.02%
Treasury Group Limited	5.94%
Spark Infrastructure Group	5.02%
ARB Corporation Limited	3.70%
Computershare Limited	3.52%
Magellan Flagship Fund	3.48%
Sonic Healthcare Limited	3.29%
Other Holdings	28.31%
Total	100.00%

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During the month, the Fund initiated a new position in furniture retailer **Nick Scali**. The company has been listed for ten years and over that time has grown sales from \$43m to \$141m, and profit from \$6.7m to \$14.2m. This has been achieved organically and without the need to issue a single new share since it listed in 2004. The company is in a net cash position and has been since listing. The company currently operates 33 Nick Scali stores on the East Coast and 5 Sofas2Go stores. The company is currently expanding its business to the West Coast which will offer continued organic growth over the medium term.

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