

After a nervous start to the New Year the market rallied in the latter parts of the month and recorded a gain of more than 3%. This came as the Australian dollar fell, the US economy continued to show signs of strength and the European Central Bank embarked on its own Quantitative Easing (QE) program sparking strong rises in European markets.

Most sectors of the market shone during the month, with the exception of the energy sector which fell 6.5% and continues to be hampered by weak commodity prices. The standout sectors remain the property sector via REIT's and the healthcare sector which have increased 36% and 27% respectively, in the past 12 months.

The Fund also rose 2.24% for the month although this was slightly below that of the market. One year returns remain modest in real terms with the Fund recording a return of 6.28%, and somewhat disappointing in relative terms against the All Ordinaries Accumulation Index return of 11.28%, although we remain heartened that our long term record is still superior to that of the market. It is noteworthy that a small positive out-performance accumulated over a number of years can make a significant difference to the ultimate value of an investment.

Performance 31-Jan-15	Ganes	All Ord Index
1 Month	2.24%	3.03%
3 Month	1.37%	1.66%
6 Month	2.87%	0.85%
1 Year	6.28%	11.28%
2 Year (p.a.)	9.04%	11.00%
3 Year (p.a.)	13.27%	13.50%
5 Year (p.a.)	10.81%	8.38%
Since Inception (p.a.)*	7.56%	6.48%
NAV Unit Price (\$)	1.4848	
Fund Assets (\$ million)	36.68	

\* Inception date of Fund 18/11/2005

With profit reporting season around the corner, there was little news within the portfolio but the portfolio did experience some notable investment performances for the month.

**Flight Centre** rose nearly 16% regaining some of the lost ground from December. There was no new news to explain the rise, but it would appear the market has considered that the sell-down in December offered a buying opportunity. There was also a small amount of Director buying that may have sent a positive signal to the market as well.

Another strong gainer during the month was **Platinum Asset Management**, which saw its price rise a very strong 20%. Again there was no news to explain this sudden enthusiasm for the company but the price is possibly responding to strong international markets and a weaker AUS dollar. Subsequent to month end, the company released its usual announcement reporting that Funds Under Management had reached \$27bn. This is up nearly 20% from \$23bn at June, and the leverage of the business has meant that investors have pushed the share price up nearly 40% over the same time period.

Top 10 Portfolio Holdings	
Cash	19.23%
Flight Centre	9.22%
Woolworths	7.14%
Treasury Group Limited	6.70%
Spark Infrastructure Group	5.65%
Austbrokers Holdings Limited	5.28%
Magellan Flagship Fund	4.11%
ARP Corporation Limited	3.85%
Sonic Healthcare Limited	3.64%
Computershare Limited	3.63%
Other Holdings	31.55%
Total	100.00%

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On the negative side, **Austbrokers** fell 13% after announcing that profits would not meet market expectations for the first half. The profit downgrade came in response to a downturn in broker earnings from a continuation of insurance premium rate reductions of up to 30%. As a result, the company is now expecting profit for the first half to be down 15% on the previous year, and full year profit to be down 5% to 10% on the previous year. This is disappointing news and even though the company has performed well, the share price is now back to levels of two years ago which has hurt Fund performance.

Half year profit reporting season commences in earnest in February and traditionally, this has been a fertile period for us to find new opportunities for the Fund and we are hopeful that will continue again this year and we can report on some new additions to the Fund next month.

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