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The new year has started very badly with a 5.4% fall in the broader market during January. The fall was driven by similarly a large decline in overseas markets, with Chinese growth a key concern along with a continued decline in oil and other commodity prices, signaling perhaps a slowdown in global growth. Locally, Energy and Materials stocks were hit hard following on from weakness in commodity prices. The banks also experienced significant declines.

The Fund was not spared the pain, falling 6% over the month. However, the Fund has out-performed its benchmark over all periods from 3 months to 10 years. Over the last 12 months, the Fund has returned 3.1% versus a negative 4.7% for the All Ordinaries Index.

January was a very quiet news time in the market ahead of the busy reporting season in February. The only news of any significance was a profit update from AP Eagers, indicating it expects underlying pre-tax profit to rise 19% to \$126m for the 2015 financial year.

Unsurprisingly, there was a great deal of red ink spilled in the portfolio in January, with the worst performers (in dollar terms) being Magellan Flagship Fund, Platinum Capital and Life Healthcare. There was no company specific news around Magellan Flagship Fund and Platinum Capital but both have significant exposures to global equity markets. Life Healthcare investors, it appears, are suffering a bout of nerves as both the Health Minister and Private Health Funds are urging for a shakeup in the Prostheses Schedule pricing which could have negative implications for some parts of the business.

The only two stocks to record a positive return for the month were Collins Foods Group and Sonic Healthcare but there was no news of any significance that would account for these moves.

Half year profit reporting season commences in earnest in February and we will be looking closely at the results at the various companies in which the Fund has a holding, as well as looking wider for potential new additions to the Fund.

| Performance 31-January-16 | Ganes | All Ord Index |
|---------------------------|--------|---------------|
| 1 Month | -5.98% | -5.38% |
| 3 Month | 1.39% | -3.54% |
| 6 Month | 0.95% | -8.82% |
| 1 Year | 3.10% | -4.69% |
| 2 Year (p.a.) | 4.68% | 2.98% |
| 3 Year (p.a.) | 7.02% | 5.50% |
| 5 Year (p.a.) | 8.15% | 5.35% |
| 10 Year (p.a.) | 7.14% | 4.73% |
| Since Inception (p.a.)* | 7.11% | 5.33% |
| NAV Unit Price (\$) | 1.4334 | |
| Fund Assets (\$ million) | 27.94 | |

* Inception date of Fund 18/11/2005

| Top 10 Portfolio Holdings | |
|---------------------------------|---------|
| ARB Corporation Limited | 7.19% |
| Magellan Flagship Fund Ltd | 6.56% |
| Smart Group Corporation | 6.31% |
| Flight Centre Travel Group | 5.80% |
| AUB Group Limited | 5.25% |
| Isentia Group Limited | 4.53% |
| Adelaide Brighton Limited | 4.29% |
| Beacon Lighting Group | 4.28% |
| PM Capital Global Opportunities | 4.20% |
| Templeton Global Growth Fund | 3.89% |
| Other holdings | 47.70% |
| Total | 100.00% |

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