

The folly of relying on predictions was highlighted during the month with an unexpectedly strong market following the Trump election victory. Markets had been braced for a slump should Trump win but this failed to occur and the market was up nearly 2.5% for the month in Australia and 3.7% in the USA.

Strong performances by large companies, and in particular the banks, meant that returns were fairly narrowly distributed rather than across the board. In fact, the small ordinaries index actually fell during the month highlighting the difference in returns between the large end of town and smaller companies, where the Fund is focused, hence the Fund's relative underperformance for the month of 1.8%.

In addition to the enthusiasm for financial stocks during the month, energy stocks continued their solid performance with a number of commodity prices rising strongly. This recent surge in commodity prices has surprised many. Back in January, the World Bank had cut its forecasts for nearly all commodities, hence we are reminded again that forecasts usually say more about the person making them than the forecast itself.

The largest negative contributor to Fund performance for November came from **PWR Holdings**, a recent addition to the portfolio. There was no news to account for the 12% drop during the month apart from the general flight away from small companies.

AGM season wrapped up during November, along with a couple of profit results that fell outside the usual June reporting timeframe.

Clydesdale Bank was the largest positive contributor to Fund performance during the month and this came on the back of the release of its full year results. The price was up 7% for the month, as the company reported its first profit in 5 years. It's still early days, as management attempt to improve the bank's profitability and reduce its cost structure, but the signs appear to be there that they are on track. The result appears slightly weaker than the headline number would suggest, as bad debt provisions were lower than expected, as was the tax rate.

One of our smaller holdings, **Collins Foods** released its half years results on the last day of the month. Revenue was up nearly 5% but due to improved results within the Sizzler restaurants, the company was able to report earnings per share increase of 17%. Same store sales were flat which are somewhat of a concern in this sector, but the future for the company is now focused on the recent move into Germany where KFC is under-represented compared to other major food chains like McDonalds and Burger King. The shares rose 22% during the month and are no longer the bargain they represented when we originally purchased them in mid 2015.

Performance 30-Nov-16	Ganes	All Ord Index
1 Month	0.64%	2.46%
3 Month	-3.19%	0.63%
6 Month	0.75%	3.13%
1 Year	7.09%	10.01%
2 Year (p.a.)	7.20%	6.48%
3 Year (p.a.)	5.68%	5.64%
5 Year (p.a.)	10.48%	10.33%
10 Year (p.a.)	5.78%	4.45%
Since Inception (p.a.)*	7.32%	6.11%
NAV Unit Price (\$)	1.5039	
Fund Assets (\$ million)	27.48	

* Inception date of Fund 18/11/2005

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At the **Flight Centre** AGM, management provided an update for its 2017 results indicating that first half profits are likely to be down at least 15% or more on last year's results which unsurprisingly sent the share price lower. The first half has been impacted by intense fare discounting on overseas flights, foreign exchange movements, and subdued activity in the UK following the Brexit vote. Management continue to argue that the longer term fundamentals and prospects for the business are sound but there is no doubt the company does not enjoy the tailwinds it once had despite increased overseas travel by Australians.

AUB Group also held its AGM and reiterated that profits should rise between 0% and 5% for next year. After a few years of virtually no growth, there are signs of modest increases in insurance premiums and we tend to believe the company should report a result closer to the top of this range, which would be a positive after the last few years. The shares were up slightly during the month on the back of the news.

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