

Despite a month of volatile geo-political headlines such as tensions between North Korea and the USA and the cooling of relations between the USA and Russia following a missile strike against a Syrian airbase, markets reported a solid month of gains across most sectors as did most international markets. The All Ordinaries Index rose 0.8% while the fund also enjoyed a solid month gaining 2.6% in April and 14.4% for the past year.

Locally, the ongoing debate over housing affordability and Sydney property prices appeared to have no impact on the banks as they rose 1.6% for April adding to their recent gains. The Fund has no exposure to Australian banks but does have an investment in Clydesdale Bank in the UK, which also enjoyed another strong month with the share price up a further 7% in April and has now largely retraced the losses of February. There was no news to explain the stronger price but a stronger UK pound would have helped.

The largest contributor for the month was **Gentrack**, which has announced another two acquisitions during the month adding to its acquisition of Juniper last month, which saw its share price rise 14% as a result. Unlike the Juniper acquisition which was in the utilities segment, these acquisitions add to their airport software capabilities. Following something of a shaky start to life as a public company in 2014, the company appears to be performing well now and the share price is up nearly 70% over the past year and is one of the best performers in the Fund, although at more than 30 times earnings, it is no longer cheap.

Normally a flurry of takeover activity would leave us nervous but in this case the acquisitions appear to have been made at reasonable prices and are complementary to their existing client base. According to company management, these latest acquisitions should be earnings accretive from 2018 and will see EBITDA for that segment of the business double over the next couple of years.

After a few months of a lagging share price **ARB Corporation** enjoyed a 5% increase for the month. There wasn't anything to justify the rise during the month but a trading update since month end and a presentation by management has reinforced to investors that business is going along nicely. Production is running at virtually full capacity, export sales are up 10% on the prior year to the end of March, and Australian aftermarket sales are up 6% on last year.

The largest detractor to Fund performance for the month was **AP Eagers** which saw its share price fall 11.7% during the month following the release of car sales data for the March quarter. WA and QLD reported particularly weak numbers and hence the reason for the fall. The company's AGM will be held within the next couple of weeks, so we will be interested to hear from the company how they are responding to the situation and receive an update on how their used car initiative, Carzoo, is faring. Carzoo operates retail sites with fixed pricing and money back guarantees which is very innovative in the Australian market. A weaker used car market can have a flow-on impact upon new car sales so AP Eagers is in a position to evaluate this well.

| Performance<br>30-Apr-17 | Ganes  | All Ord<br>Index |
|--------------------------|--------|------------------|
| 1 Month                  | 2.58%  | 0.78%            |
| 3 Month                  | 4.80%  | 6.13%            |
| 6 Month                  | 6.73%  | 12.41%           |
| 1 Year                   | 14.44% | 16.65%           |
| 2 Year (p.a.)            | 6.77%  | 6.01%            |
| 3 Year (p.a.)            | 6.64%  | 7.38%            |
| 5 Year (p.a.)            | 9.82%  | 10.58%           |
| 10 Year (p.a.)           | 5.43%  | 4.02%            |
| Since Inception (p.a.)*  | 7.60%  | 6.74%            |
| NAV Unit Price (\$)      | 1.5789 |                  |
| Fund Assets (\$ million) | 27.74  |                  |

\* Inception date of Fund 18/11/2005