

The market enjoyed a strong month with the All Ordinaries up 1.9% following up on the 4.01% rise in October. The 1 year return of 14.8% is welcome after two years of subdued returns, but the 10 year return sits at just 3.6% per annum as we mark almost exactly 10 years since the market peaked prior to the Global Financial Crisis. Consequently, 10 year returns should improve markedly going forward. Despite the strong local return, Australia has lagged the S&P500 (up 22.9%) and the World Ex US (up 18.7%) over the last year, as global markets have shrugged off the frightening spectre of nuclear conflict with North Korea and the potential for rising interest rates.

The Fund has experienced a second very strong month up 4.6% following 5.1% in October. The 1 year return now stands at 25.9%, which is not something we would have anticipated a year ago despite our focus on quality companies that we believe will grow their earnings.

The largest contribution to the November return came from New Zealand based **Gentrack** (GTK) who reported a strong result for the year ending September. Gentrack provides airports, energy and water clients in 20 countries with specialized software to run their operations. This year's result was boosted by the acquisitions of competitors, Junifer Systems, Blip Systems (airport software) and 75% of CA Plus (airport software), all at prices that appear reasonable. Total revenue grew 43% to NZ\$75.2m for the year and 18% growth excluding acquisitions, while after tax profit rose 54% to \$11.8m. Australia remains Gentrack's largest source of revenue but the recent acquisitions will see the UK/Europe business grow as a percentage of total revenue. Gentrack is a highly profitable company with strong cashflow. Management appears confident that growth will continue into the future 'targeting 15%+ long term EBITDA growth', and we remain confident the company can deliver on those forecasts.

**Collins Foods** (CKF) also reported its half-year earnings to October during the month. Collins Foods owns 225 KFC stores in Australia, 31 KFC stores in Europe, Sizzler in Australia (currently being wound down) and Asia, Snag Stand (currently being exited) and has just opened its first Taco Bell store. Revenue for the half was up 14% and underlying profit up 3.7%, with profit dragged down by losses in the recently acquired European businesses. We should say we are mindful of the challenges and less than stellar track record of Australian companies buying and running businesses on the other side of the world. These acquisitions have also seen an increase in debt levels and lower interest cover.

There was some minor rebalancing in the portfolio during the month, with activity likely to remain low until profit reporting season in February.

Performance 30-November-17	Ganes	All Ord Index
1 Month	4.59%	1.91%
3 Month	12.91%	6.10%
6 Month	19.16%	7.44%
1 Year	25.95%	14.83%
2 Year (p.a.)	16.14%	12.40%
3 Year (p.a.)	13.12%	9.19%
5 Year (p.a.)	12.02%	10.67%
10 Year (p.a.)	6.93%	3.55%
Since Inception (p.a.)*	8.76%	6.81%
NAV Unit Price (\$)	1.8410	
Fund Assets (\$ million)	29.14	

\* Inception date of Fund 18/11/2005

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