

# GANES VALUE GROWTH FUND

The Fund recorded a return of 2.38% in September, continuing the recovery from the depths of the market panic in mid-August. On the back of US Federal Reserve lowering interest rates by half a percent during the month, share markets around the world experienced an extraordinary final two weeks. In that fortnight, Australian markets rose nearly 5% while resource giants BHP and RIO rose approximately 15%. Other popular smaller resource companies such as Fortescue Metals rose even more strongly. Interestingly, earnings forecast for BHP remain largely unchanged from 90 days ago yet the share price has risen more than 25% in that period.

With no exposure to these companies, and no announcements from the companies we are invested in to warrant such exuberance, the Ganes Value Growth Fund experienced a much more subdued month.

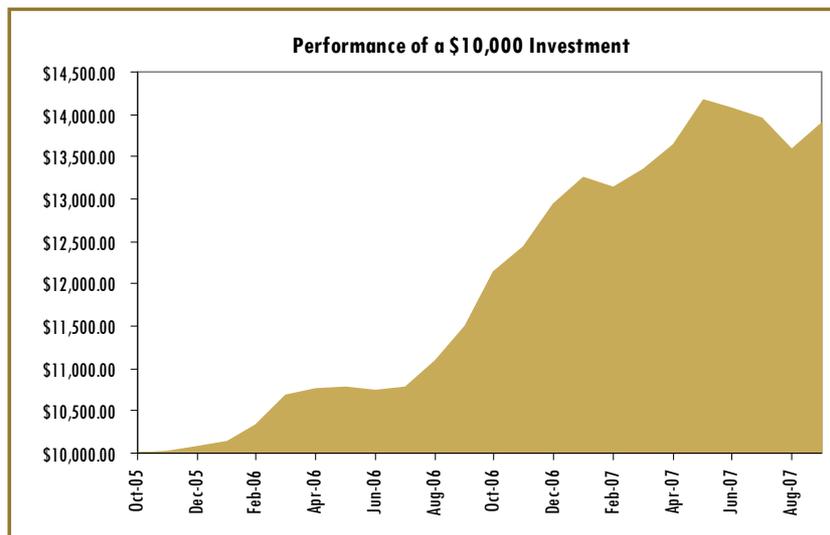
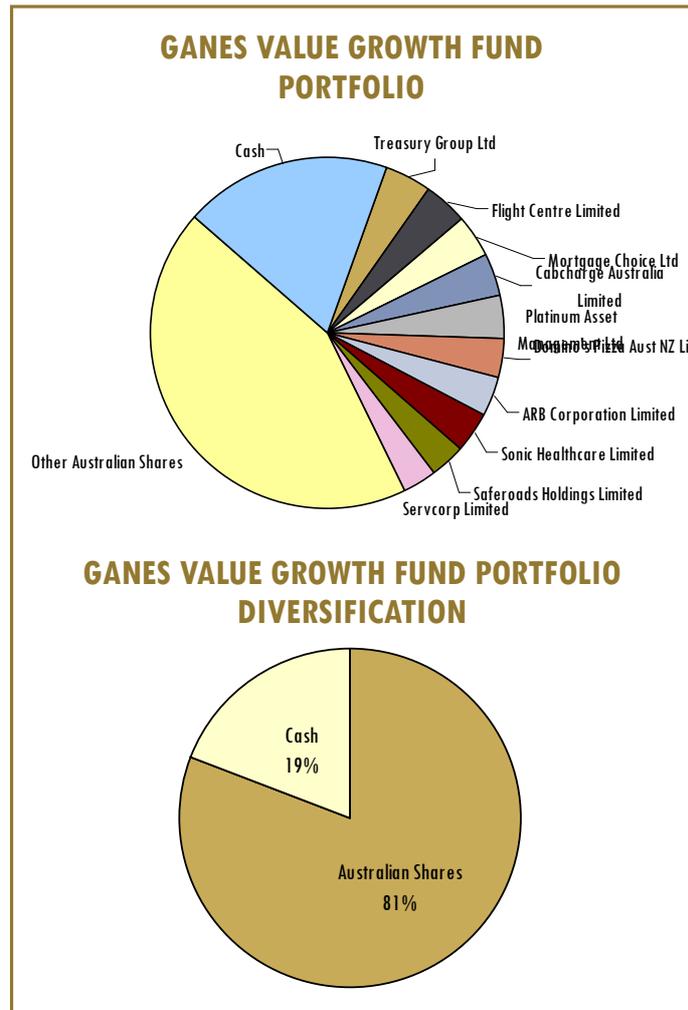
We continue to remain cautious and selective in our investments and consequently there were few changes to the portfolio during the month. We continued to make further purchases of Mortgage Choice, mentioned in last month's report, as well as ARB Corporation, Cabcharge and Servcorp.

The only change to our top ten was the return of Saferoads, following a 23% rise in the share price during the month, on no news, returning it to the price levels seen earlier in the year.

Flight Centre also rose strongly during the month, up 11%, as a number of founding shareholders sold down small portions of their shareholdings and released a statement that they remained committed to the company and to retaining control of the business.

The Fund's cash levels have risen during the past few months as, despite the volatility, we have not found enough opportunities to invest all the Fund inflows. However, we are patiently waiting for this situation to reverse and continue to look for opportunities to buy the types of businesses we like, understand, and most importantly, that we think are attractively priced.

The portfolio remains at 41 companies with 19.03% held in cash.



Performance Summary	Ganes Value Growth Fund	UBS Bank Bill Index
Since Inception p.a. (18/11/05)	19.49%	n/a
1 Year	20.83%	6.54%
1 Month	2.38%	0.57%
Profitable Months	79.17%	100.00%
Distribution for quarter	\$0.0042	n/a
Fund Assets (million)	\$33.85	n/a
Application Unit Price	1.36770	n/a
Withdrawal Unit Price	1.36020	n/a
Net Asset Value Unit Price	1.36390	n/a

## GANES VALUE GROWTH FUND

The Ganes Value Growth Fund provides investors with exposure to a unique portfolio of Australian listed companies that will provide growth and income to investors over the longer-term. It is their meticulous approach to studying companies while taking into account the macro-level drivers of Australian business that make Ganes such a capable investment firm.

Ganes investment methodology comprises both quantitative and qualitative analysis commonly called fundamental analysis. This research process ensures that financial ratios and measures are used to demonstrate that the company produces superior returns, while also making experienced judgements about the underlying strength of the business and the talent of its management team.

The team at Ganes often refer to the following quote as an insight into their investment strategy:

*"If you are a prudent investor or sensible businessman, will you let Mr. Market's daily communication determine your view of a \$1000 interest in the enterprise? Only in case you agree with him or want to trade with him. You may be happy to sell out to him when he quotes you a ridiculously high price, and equally happy to buy from him when his price is low. But the rest of the time you will be wiser to form your own ideas of the value of your holdings, based on full reports from the company about its operations and financial position."* - (extract from *The Intelligent Investor* by legendary investor Ben Graham)

The Ganes Investment Philosophy distills down to paying a reasonable price for a growing quality business, and therefore is a process based on individual stock selection to generate superior returns. A 'typical' investment in the portfolio is a profitable, growing business with an easily understood business model that can be purchased at a price that will deliver, in the opinion of Ganes, a superior return over the medium to long term.

With an attractive investment opportunity identified, Ganes will allocate 1 to 2 percent of the fund's assets to an initial purchase, then over time build a larger stake in the business as comfort levels increase with the business and its management. Holdings will be added to, reduced, or sold entirely as changes in the underlying economics of the business, market pricing, or Ganes' assessed value of the company occurs.

### ABOUT THE FUND MANAGER

Ganes Capital Management Ltd was founded in 2002 by Dr. Clive Gaunt and Mr Wayne Jones as a privately-owned boutique fund manager based in Brisbane, specialising in the management of investments in the Australian equities markets. The name 'GANES' is derived from the manager's surnames, GAunt and joNES.

Clive has a Ph.D from the Queensland University of Technology, a Masters of Financial Management from the University of Queensland and a Bachelor of Business from the Brisbane College of Advanced Education. Clive has held various academic positions including Senior Lecturer in Finance at the University of Queensland Business School. His stockmarket research has been published in national and international peer reviewed journals and, for several years, wrote a monthly column for Shares magazine.

Wayne is a CPA (Certified Practising Accountant) and has a Bachelor of Business from Queensland University of Technology. He has extensive commercial experience in accounting and finance roles in both public and private companies, as well as writing for The Intelligent Investor investment newsletter covering a range of companies and investment issues.

### FUND FACTS

**Composition** Australian shares

**Fund Start Date** 18 November 2005

**Investment Timeframe** 5 years

**Withdrawals** Weekly

**Distributions** Quarterly

**Minimum Investment** \$10,000

**APR Code** WPC0004AU

**ARSN** 115 121 527

**Unit Prices** Weekly

**Applications** Weekly

**MER** 0.25625% p.a.

**Buy-sell spread** 0.275%/0.275%

**Performance Fee** 20.5% p.a. of positive returns with any negative returns recouped before the performance fee applies

**Level of Risk** Medium to High

### Important Information

This report is provided for investors in the Funds. While all care has been taken in the preparation of this report (using sources believed to be reliable and accurate), Officium Capital Ltd, its officers, employees, agents and associated entities accept no responsibility for and will not be liable in respect of any loss or damage suffered by any person in connection with this other than under law which cannot be excluded. You should seek your own financial and taxation advice before dealing with your investment.

This report has been prepared without taking into account your investment objectives, financial situation or particular needs. Before investing, or retaining an investment, in any of the Funds you should read the relevant PDS and consider whether the Fund is appropriate having regard to those matters. A copy of the PDS is available at [www.officiumcapital.com.au](http://www.officiumcapital.com.au). Remember, past performance should not be taken as an indication of future performance.

### TOP TEN LARGEST PORTFOLIO HOLDINGS

Top Ten Holdings	% of Portfolio	Asset Class
Treasury Group Ltd	4.17%	Australian Shares
Flight Centre Limited	4.09%	Australian Shares
Mortgage Choice Ltd	3.99%	Australian Shares
Cabcharge Australia Limited	3.86%	Australian Shares
Platinum Asset Management Ltd	3.83%	Australian Shares
Domino's Pizza Aust NZ Limited	3.77%	Australian Shares
ARB Corporation Limited	3.64%	Australian Shares
Sonic Healthcare Limited	3.41%	Australian Shares
Saferoads Holdings Limited	3.32%	Australian Shares
Servcorp Limited	3.27%	Australian Shares
Other Australian Shares	43.62%	Australian Shares
Cash	19.03%	Cash
<b>TOTAL</b>	<b>100%</b>	

### MONTHLY PERFORMANCE RETURNS

