

GANES VALUE GROWTH FUND

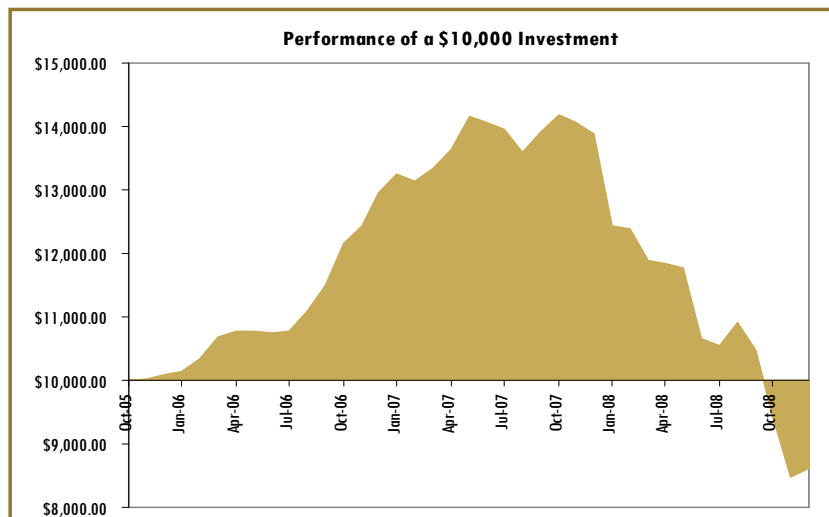
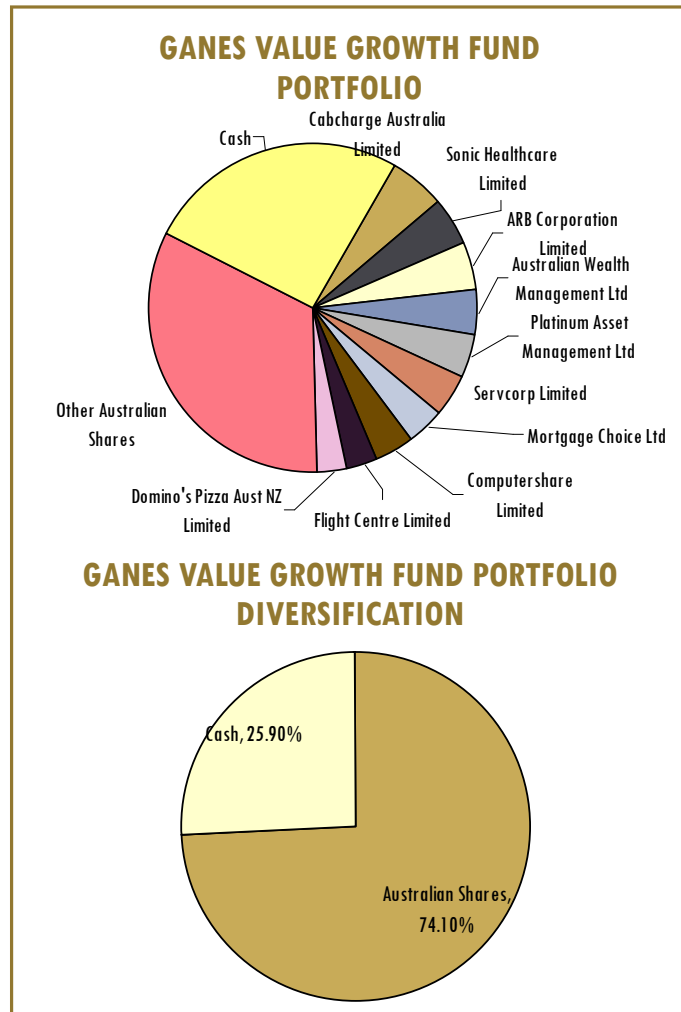
Whilst the Ganes Value Growth Fund finished the year with a positive month, the one year return for investors has been a terrible -40%. The harsh reality is that small companies, and funds with a small cap focus, have generally performed worse than the overall market (The Small Ordinaries index was down 53% for the year). So, in stating the obvious, these are challenging times for investors in small companies regardless of the investment approach.

One of the biggest drivers of the Fund's negative returns has been the fall of Flight Centre (the largest holding at the start of 2008) as well as holdings in the financial services sector. Flight Centre has fallen 75% from \$32.30 to \$7.80 during the course of the year. Similarly, our 5th largest holding from December 2007, Treasury Group, has fallen from \$15.80 to \$4.55 during the year. And Mortgage Choice, another top 10 holding, has fallen from \$2.16 to \$0.76.

As the broader economy has deteriorated each of these companies has seen their business come under pressure, and investors have rushed to the exits as bullish assumptions about profits have been replaced by bearish ones. We tend to be reluctant sellers of well-managed, conservatively capitalised (low or no debt) businesses that offer an enduring product or service to customers. We think the Fund owns many such businesses (though we don't take that for granted and will sell where undesirable fundamental changes to the business occur). And, at current share prices we are all the more reluctant to sell. We believe these businesses are well-placed to grow, and deliver attractive returns, when the economy picks up again.

For most companies, half-year (interim) results will be announced in the latter half of February. These results and their accompanying commentary will provide some guide to how these businesses will fare through what may be a difficult period ahead. As always, we will also be sifting through companies not currently owned by the Fund, looking for well-managed, conservatively geared companies with good future growth prospects and modest prices.

No distribution will be paid for the December half as the Fund is carrying a high level of unrealised capital losses which may, or may not be, crystallised before June and as a result we are unable to predict the level of distribution for the full year.



Performance Summary	Ganes Value Growth Fund	UBS Bank Bill Index
Since Inception p.a. (18/11/05)	-4.53%	n/a
1 Year	-37.75%	7.66%
2 Years p.a.	-18.27%	7.17%
3 Years p.a.	-4.83%	6.79%
1 Month	1.60%	0.43%
Profitable Months	58.97%	100.00%
Distribution for quarter	\$0.0000	n/a
Fund Assets (million)	\$22.57	n/a
Application Unit Price	0.8309	n/a
Withdrawal Unit Price	0.8263	n/a
Net Asset Value Unit Price	0.8286	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% 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. 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
Cabcharge Australia Limited	5.46%	Australian Shares
Sonic Healthcare Limited	4.82%	Australian Shares
ARB Corporation Limited	4.81%	Australian Shares
Australian Wealth Management Ltd	4.39%	Australian Shares
Platinum Asset Management Ltd	4.14%	Australian Shares
Servcorp Limited	4.03%	Australian Shares
Mortgage Choice Ltd	3.79%	Australian Shares
Computershare Limited	3.73%	Australian Shares
Flight Centre Limited	3.11%	Australian Shares
Domino's Pizza Aust NZ Limited	2.79%	Australian Shares
Other Australian Shares	33.02%	Australian Shares
Cash	25.90%	Cash
TOTAL	100%	

MONTHLY PERFORMANCE RETURNS

