

# GANES VALUE GROWTH FUND

Along with the broader market, the Fund rebounded strongly during March producing a 7.25% return for the month.

During the month:

- Holdings in Domino's Pizza, Sonic Healthcare and Platinum Asset Management were reduced; and Hunter Hall Global Value and Perpetual Trustees were sold down completely. The rationale for reducing these holdings was outlined in the January and February updates.
- Schaffer Corporation was also disposed of in full. Schaffer has been a small holding in the Fund (approx 0.7% at the end of February). It is a well-managed business but has relatively high debt levels and operates in areas that are likely to find the going tough for some time yet (automotive leather and building products).
- The Fund's holding in Telstra and APN News and Media were increased. Telstra stock was purchased at \$3.00, after it fell heavily in the lead-up to the Government's National Broadband Network announcement. At that price it was offering a fully franked dividend yield for the current year in excess of 9% which Ganes believe is very attractive. APN has extensive regional newspaper and radio interests in Australian and New Zealand. It's share price has been hammered on the back of a significant slowdown in media spend, and concerns about debt levels. Traditional media businesses, like APN, face significant industry structure challenges in the years ahead and so we don't expect this to be a long term holding. However at our purchase price of \$1.26 the stock trades on less than six times 2009 forecast earnings and appears to provide ample compensation for the various short-term risks.
- New positions were initiated in Fairfax Media, Crown, and Austbrokers. Fairfax offers very similar challenges, risks and rewards to APN. In Australia, Crown owns and operates Crown Casino in Melbourne and Burswood Casino in Western Australia. It also has interests in casinos in Macau, the UK and the US. Australian casinos have shown themselves to be quite resilient during difficult economic times and Ganes believe their entry price of \$5.89 is an attractive one for such a business. While, Telstra, APN, Fairfax and Crown are larger liquid stocks, Austbrokers is relatively small with a market capitalisation of just \$180m. Austbrokers holds stakes in 39 insurance broking firms. Austbrokers provides an avenue for insurance brokers (such as those nearing retirement) to realise some of the value they have built in their business. Typically Austbrokers will purchase 50% of the business leaving the operator with a significant investment and incentive to perform. Austbrokers believe there is still significant growth opportunities, with large numbers of small brokers around the country, many of them nearing retirement age. There is also some evidence of insurance premiums firming from recent low levels, which would benefit Austbrokers as broker commissions tend to be based on a percentage of the premium paid.

## PERFORMANCE SUMMARY

Performance Summary as at 31 March 2009	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	-4.71%
1 Year	-28.54%
2 Years p.a.	-20.27%
3 Years p.a.	-7.22%
1 Month	7.25%
Profitable Months	57.14%
Distribution for quarter	\$0.0000
Fund Assets (million)	\$21.92
Application Unit Price	0.8163
Withdrawal Unit Price	0.8118
Net Asset Value Unit Price	0.8141

## TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio	Asset Class
Cabcharge Australia Limited	5.35%	Australian Shares
ARB Corporation Limited	5.22%	Australian Shares
Computershare Limited	4.33%	Australian Shares
Mortgage Choice Ltd	4.21%	Australian Shares
McMillan Shakespeare Limited	4.07%	Australian Shares
Australian Wealth Management Ltd	3.82%	Australian Shares
Servcorp Limited	3.46%	Australian Shares
Sonic Healthcare Limited	3.27%	Australian Shares
ASX Limited	2.74%	Australian Shares
Platinum Asset Management Ltd	2.53%	Australian Shares
<i>Other Australian Shares</i>	<i>34.52%</i>	<i>Australian Shares</i>
<i>Cash</i>	<i>26.48%</i>	<i>Cash</i>
<b>TOTAL</b>	<b>100%</b>	

### Important Information

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