

GANES VALUE GROWTH FUND

The Ganes Value Growth Fund produced another positive return of 4.11% in May. This brings the three month return to 17.7%. Throughout May markets continued to rebound strongly from the March lows and we were introduced to a new economic term “green shoots”, as some financial commentators have now started predicting the worst is behind us. Ganes remain more cautious, and largely as a result of the strong run up in prices were almost totally inactive for the month with no purchases and only one very minor sale recorded during the month.

During the month:

- The Ganes Value Growth Fund exited a very small position in Schaffer Corporation. Schaffer has a variety of business interests including a property portfolio, property development interests, a building supplies business and auto leather upholstery business. With the challenges facing auto manufacturers, and hence their suppliers, Ganes made the decision to exit this very small holding.
- ARB Corporation, the largest holding in the portfolio, reported that sales to the end of March were up 12.5% over the previous year, an excellent result in this environment, with predictions the final quarter will be ‘satisfactory’. The main contributors to the increase were the relatively new Thailand operations as well as the Thule acquisition in Australia.
- Cabcharge reported first quarter results in its joint venture businesses. Its bus operations continue to grow significantly with revenue up 23%, and EBIT increasing 48% over the same period last year. However, more ominously for the company its United Kingdom taxi business saw revenue fall 15%, and profits fall 18% against the same period last year. The decline in the UK operations can be attributed to the decline in business activity arising from the economic downturn, something that Ganes are mindful of occurring in Australia as well.
- The merger between Australian Wealth Management and IOOF was effected with the fund accepting the merger offer, and IOOF now becoming a top 10 holding in place of Australian Wealth Management. Following the merger announcement the share price has risen strongly contributing to the Fund’s positive performance in recent months.

PERFORMANCE SUMMARY

Performance Summary as at 31 May 2009	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	-1.98%
1 Year	-20.98%
2 Years p.a.	-19.04%
3 Years p.a.	-4.69%
1 Month	4.11%
Profitable Months	56.82%
Distribution for quarter	\$0.0000
Fund Assets (million)	\$24.39
Application Unit Price	0.8960
Withdrawal Unit Price	0.8911
Net Asset Value Unit Price	0.8935

TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio	Asset Class
ARB Corporation Limited	5.55%	Australian Shares
Cabcharge Australia Limited	5.03%	Australian Shares
Mortgage Choice Limited	3.97%	Australian Shares
Computershare Limited	3.92%	Australian Shares
IOOF Holdings	3.83%	Australian Shares
Servcorp Limited	3.69%	Australian Shares
McMillan Shakespeare Limited	3.61%	Australian Shares
Sonic Healthcare Limited	3.14%	Australian Shares
ASX Limited	2.91%	Australian Shares
Radio Rentals Australia	2.87%	Australian Shares
<i>Other Australian Shares</i>	<i>33.73%</i>	<i>Australian Shares</i>
<i>Cash</i>	<i>27.75%</i>	<i>Cash</i>
TOTAL	100%	

Important Information

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