

GANES VALUE GROWTH FUND

The Ganes Value Growth Fund recorded a small positive return of 1.23% during June, while the broader market had a very strong month with the S&P/ASX 300 Accumulation Index putting on 3.96%. June capped a poor year in absolute terms with a minus 11.9% return for the 2009 financial year. However, that result was heartening against a 20% fall in the above Index. Australian and global equity markets have made a strong recovery since the lows of early March, but given the fragile state of the global economy, Ganes remain cautious, and the recent strong run in share prices makes them more so.

During the month:

- The Fund currently holds around \$17 million in equities and \$7.7 million in cash. Approximately \$1.3 million (or 4.83 cents per unit) of the cash is expected to be paid to Unitholders on the register at June 30, by way of distribution of Fund net income. After payment of the distribution, the Ganes Value Growth Fund will have around 27% cash, which is higher than Ganes would like. However, Ganes will hold high levels of cash in the absence of good investment propositions.
- June was a very quiet month for transactions and companies in the portfolio. The Fund exercised its rights to the APN News & Media share issue, the proceeds of which are being used in part to pay down debt. The rights were bought at \$1 and the shares are currently trading in the \$1.40 to \$1.50 range.
- The Fund also began the sell down of its stake in Mortgage Choice. This was due to concerns about the longer term financial impact of the commission cuts imposed by the big banks, and also due to a potential conflict of interest that has developed with one of the Fund's portfolio managers becoming actively involved in the Mortgage Choice business.
- The Cabcharge share price was a notable laggard during June. This followed court action by the ACCC alleging breaches of the Trade Practices Act. At this stage it is not possible to quantify the impact of the action on the business, though the company has said it 'does not believe that the final outcome of the legal proceedings commenced by the ACCC against Cabcharge relating to alleged breaches of the Trade Practices Act will have a material effect on Cabcharge'. Ganes will monitor this situation.

PERFORMANCE SUMMARY

Performance Summary as at 30 June 2009	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	-1.60%
1 Year	-11.93%
2 Years p.a.	-18.28%
3 Years p.a.	-4.20%
1 Month	1.23%
Profitable Months	57.78%
Distribution for quarter	\$0.0483
Fund Assets (million)	\$23.70
Application Unit Price	0.8585
Withdrawal Unit Price	0.8538
Net Asset Value Unit Price	0.8562

TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio	Asset Class
ARB Corporation Limited	5.41%	Australian Shares
IOOF Holdings	4.02%	Australian Shares
Cabcharge Australia Limited	4.00%	Australian Shares
Computershare Limited	3.89%	Australian Shares
Servcorp Limited	3.71%	Australian Shares
McMillan Shakespeare Limited	3.53%	Australian Shares
Sonic Healthcare Limited	3.19%	Australian Shares
Flight Centre Limited	3.11%	Australian Shares
ASX Limited	3.03%	Australian Shares
RR Australia Limited	2.86%	Australian Shares
<i>Other Australian Shares</i>	<i>31.82%</i>	<i>Australian Shares</i>
<i>Cash</i>	<i>31.44%</i>	<i>Cash</i>
TOTAL	100%	

Important Information

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