

GANES VALUE GROWTH FUND

The Ganes Value Growth Fund had a good month in August adding 6.2%. The broader market also produced a strong return. The strong local returns are in part due to the continuing improvement in global financial market sentiment, reflected in an 8% increase in the S&P500 (largest 500 US stocks) during August. Additionally, the domestic market appeared to be somewhat relieved that there were no ugly surprises coming out of the recently concluded company reporting season.

During the month:

- There were no major earnings surprises from companies held in the portfolio. As Ganes expected, the wealth management businesses reported materially lower profits due to the decreased revenue flowing from lower funds under management. However, there are signs that investment flows will improve throughout 2010.
- ARB Corporation is the largest holding in the portfolio and was a notably strong performer during the month. Despite the difficult trading conditions in the automotive industry the company reported an 18th consecutive year of sales growth. Over the last 10 years, earnings per share have grown at a compound annual rate of 17% per annum, while total shareholder return in the same period has been 21% per annum. Ganes first started buying ARB in early 2006, not long after the inception of the Fund, and have continued to buy it as the Fund has grown.
- While Ganes remains cautious, it recognises the important role that improved confidence plays in improving fundamentals. As such, and following a review of company results, it has increased exposure to existing positions in Aust-brokers, Cabcharge, Fletcher Building, Fleetwood, Telstra and WHK Group.
- Ganes has also initiated holdings in four large defensive stocks - Metcash, Toll Holdings, Primary Health Care and CSL. In addition three smaller stocks have also been added to the portfolio.
- Mainly on valuation grounds Ganes reduced exposure to APN News & Media, Domino's Pizza and Platinum Asset Management during the month.
- Ganes believes that the recently reported sales and profit figures of a number of companies are likely to have been materially lower without the hefty doses of Government stimulus. While the longer term impact of this Government largesse remains to be seen, Ganes continues to be cautiously positioned with just over 25% of the portfolio invested in cash.

PERFORMANCE SUMMARY

Performance Summary as at 31 August 2009	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	1.50%
1 Year	-3.24%
2 Years p.a.	-11.94%
3 Years p.a.	-1.56%
1 Month	6.24%
Profitable Months	59.57%
Distribution for quarter	\$0.0483
Fund Assets (million)	\$28.83
Application Unit Price	0.9700
Withdrawal Unit Price	0.9647
Net Asset Value Unit Price	0.9674

TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio
ARB Corporation Limited	5.63%
Flight Centre Limited	4.48%
Cabcharge Australia Limited	4.18%
Servcorp Limited	3.92%
IOOF Holdings	3.80%
Computershare Limited	3.79%
McMillan Shakespeare Limited	3.70%
Sonic Healthcare Limited	3.14%
Fleetwood Corporation Limited	2.61%
Telstra Corporation Limited	2.60%
<i>Other Australian Shares</i>	<i>36.81%</i>
<i>Cash</i>	<i>25.34%</i>
TOTAL	100%

Important Information

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