

GANES VALUE GROWTH FUND

The Ganes Value Growth Fund recorded a positive return of 2.81% during December. For the first half of the financial year the Fund has returned 27.15%, continuing the strong recovery from the lows of March 2009.

During the month:

- The largest positive contributors to Fund performance came from exposure to Thorn Group, Flight Centre, Platinum Asset Management, Domino's Pizza and Computershare.
- The Thorn Group share price increased following the 36% increase in half-year profit reported by the company at the end of November.
- The gain in the share price of Domino's Pizza followed the announcement of a profit upgrade in December.
- The largest negative contributors to Fund performance in December came from exposure to Pacific Brands and McMillan Shakespeare.
- The decline in the share price of McMillan Shakespeare appeared to be a response to the announcement by the founding Director, Anthony Podesta, of the sale of a portion of his holding at \$3.91 per share. Ganes were a buyer of some of this holding, at a discount to the prevailing market price.
- While there were no new positions established during December, Ganes made additional investment in ALE Property Group, Amalgamated Holdings, Corporate Express, McMillan Shakespeare, MyState Financial and Pacific Brands.
- Following the sale of some Servcorp stock in November, Ganes continued to reduce exposure to this holding in December.
- Similarly, Ganes continued to reduce exposure to APN News and Media during the month.
- Ganes also sold, for \$1.63 per share, half of its holding in Fairfax Media. This position was acquired at 92 cents during March 2009. Ganes believe that this significant price increase has made this investment significantly less attractive than it was at the time of purchase.
- Finally, Ganes sold a portion of their investment in the Wilson Investment Fund.

PERFORMANCE SUMMARY

Performance Summary as at 31 December 2009	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	4.18%
1 Year	37.23%
2 Years p.a.	-7.95%
3 Years p.a.	-3.07%
1 Month	2.81%
Profitable Months	62.75%
Distribution Last Quarter	\$0.0200
Fund Assets (million)	\$36.27
Application Unit Price	1.0714
Withdrawal Unit Price	1.0656
Net Asset Value Unit Price	1.0685

TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio
ARB Corporation	6.06%
Flight Centre	4.48%
IOOF Holdings	3.96%
McMillan Shakespeare	3.63%
Computershare	3.34%
Thorn Group	3.30%
Treasury Group	3.11%
Cabcharge Australia	2.86%
Telstra Corporation	2.78%
Sonic Healthcare	2.69%
<i>Other Australian Shares</i>	<i>46.02%</i>
<i>Cash</i>	<i>17.76%</i>
TOTAL	100%

Important Information

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