

GANES VALUE GROWTH FUND

The Ganes Value Growth Fund recorded a return of 4.04% in March. At the end of the month the Fund held 60 investments and had 12.6% of the portfolio invested in cash.

During the month:

- The largest positive contributor to Fund performance was Flight Centre, with the share price continuing to rise following its half year results, and more importantly, its improved future outlook.
- Financial services companies recorded a mixed result for the month, with the strong performance from IOOF Holdings (+11%) and Computershare (+7%) being offset by declines recorded by Platinum Asset Management (-9%) and the Australian Securities Exchange (-7%).
- McMillan Shakespeare continued to recover from its dramatic sell-off in late January which saw the share price decline to below \$3 per share on speculation regarding recommendations that will come from the Henry tax review. At the end of the month the company announced the acquisition of Interleasing from General Motors for \$208 million. The acquisition price represents an 11% discount to net assets and provides the company with an opportunity to diversify away from the fringe benefits tax regulation risk inherent in the existing business. The share price has now almost recovered to the price prior to the sell-off, highlighting the volatile nature of financial markets.
- The other major contributor to Fund performance during the month was the 30% increase in Corporate Express. This increase followed the announcement that the company had received a takeover offer from its major shareholder, Staples. Staples already owns 58% of the company and the price looks attractive in the current market. The Directors have unanimously recommended shareholders accept the offer and Ganes intend to accept the offer when the opportunity arises. As the economy improves and funding becomes easier to obtain it is likely that more acquisitions of smaller and medium sized companies will become a feature of the market.
- The Fund initiated a number of new investments in March with BHP Billiton, Rio Tinto, ANZ Banking Group and Salmat being added to the portfolio. Salmat, a communications and marketing business, was the largest of these investments.
- Investment positions added to during the month included the Australian Securities Exchange, Coca-Cola Amatil, Cabcharge, Harvey Norman, Hunter Hall International, IOOF Holdings, Metcash, Mitchell Communications, Spark Infrastructure, Sonic Healthcare and Washington H Soul Pattinson.

PERFORMANCE SUMMARY

Performance Summary as at 31 March 2010	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	4.43%
1 Year	42.47%
2 Years p.a.	0.64%
3 Years p.a.	-3.45%
1 Month	4.04%
Profitable Months	62.96%
Distribution Last Quarter	\$0.0000
Fund Assets (million)	\$38.12
Application Unit Price	1.0943
Withdrawal Unit Price	1.0883
Net Asset Value Unit Price	1.0913

TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio
ARB Corporation	6.48%
Flight Centre	4.95%
IOOF Holdings	4.50%
Computershare	3.54%
Treasury Group	3.35%
Thorn Group	3.05%
McMillan Shakespeare	2.94%
Cabcharge Australia	2.74%
Austbrokers Holdings	2.70%
Spark Infrastructure Group	2.63%
<i>Other Australian Shares</i>	<i>50.55%</i>
<i>Cash</i>	<i>12.57%</i>
TOTAL	100%

Important Information

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