

## GANES VALUE GROWTH FUND

May provided a month of volatility and news stories that quickly dispelled the easy comfort that had settled on the market since mid 2009. The broader market, as measured by the S&P/ASX 300 Accumulation Index, fell 7.5% during the month. In this environment the Ganes Value Growth Fund fared better, falling 5.2%, although was far from immune to the broader market's decline as holdings in Flight Centre, Sonic Healthcare, Cabcharge and Treasury Group all experienced large share price declines and consequently detracted from Fund performance.

During the month:

- Flight Centre reported another profit upgrade to the market but this still did not prevent the share price from declining nearly 16%. The company operates in an environment that is volatile with many factors outside its control as evidenced by the closure of Heathrow and other Northern European airports as a result of the volcanic ash from Iceland. According to the company however, the business is performing well.
- Sonic Healthcare fell 25% in May following the announcement of a profit downgrade. The downgrade was primarily the result of changes in conditions within its pathology business. The market was anticipating a profit increase, so market retribution was harsh and swift. Ganes used this share price weakness to increase the Fund's exposure in the belief that the current price should represent good long-term value.
- The share price of McMillan Shakespeare increased by 22% during the month as it escaped the dire predictions that surrounded the company prior to the release of the Henry tax review.
- Thorn Group, another of the larger holdings within the portfolio, reported a solid full year result during the month which saw its share price increase by 7%.
- Transactional activity undertaken during the month was focused on increasing market exposure to current holdings in Austbrokers, Harvey Norman, Hunter Hall International, Spark Infrastructure, Sonic Healthcare, Supercheap Auto and Thorn Group.
- At the end of the month the Fund held 62 securities and had 13.6% of the portfolio invested in cash.

### PERFORMANCE SUMMARY

Performance Summary as at 31 May 2010	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	3.15%
1 Year	23.59%
2 Years p.a.	-1.39%
3 Years p.a.	-6.98%
1 Month	-5.19%
Profitable Months	62.50%
Distribution Last Quarter	\$0.0000
Fund Assets (million)	\$36.85
Application Unit Price	1.0387
Withdrawal Unit Price	1.0330
Net Asset Value Unit Price	1.0359

### TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio
ARB Corporation	6.81%
IOOF Holdings	4.21%
Flight Centre	4.08%
McMillan Shakespeare	4.00%
Thorn Group	3.27%
Computershare	3.17%
Treasury Group	3.03%
Austbrokers Holdings	2.85%
Spark Infrastructure Group	2.60%
Cabcharge Australia	2.58%
<i>Other Australian Shares</i>	<i>49.83%</i>
<i>Cash</i>	<i>13.57%</i>
<b>TOTAL</b>	<b>100%</b>

#### Important Information

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