

GANES VALUE GROWTH FUND

The net asset value of the Ganes Value Growth Fund increased by 2.83% in July, underperforming the market's return of 4.48%, as measured by the S&P/ASX 300 Accumulation Index. After a poor June quarter the market rose strongly in July with the banks and miners leading the market higher. These are sectors to which the Ganes Value Growth Fund has minimal exposure.

During the month:

- Some of the largest holdings in the Fund did experience strong gains. McMillan Shakespeare was one such holding that continued to rise despite no news being reported by the company. The share price rose 16% during the month and provided the largest absolute positive contribution to fund performance in July.
- Flight Centre also had a good month with the share price rising 11.6% in anticipation of a strong result for 2010.
- Amongst the Fund's smaller holdings, Mitchell Communications rose 39% for the month. An addition to the portfolio earlier this year, the company received a takeover offer from UK based advertising company, Aegis Group, that was priced at \$1.20 per share. Mitchell Communications' Chairman, and largest shareholder, Harold Mitchell has recommended that shareholders accept the offer. Since month end the Fund has sold its holding into the market at \$1.24 per share.
- On the negative side of the ledger, Cabcharge fell 12.5% as it continues to receive poor press in its battle with the ACCC. The case is set to go to court in early October and may drag on for some time before an outcome is known.
- There was minimal portfolio activity undertaken during the month in the lead up to reporting season. Investment positions added to during the month included the ASX and Peters McGregor Investments, while the holding in Goodman Fielder was reduced.
- At the end of the month the Fund held 62 investments and had 14.1% invested in cash.

PERFORMANCE SUMMARY

Performance Summary as at 31 July 2010	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	3.60%
1 Year	19.07%
2 Years p.a.	5.83%
3 Years p.a.	-5.72%
1 Month	2.83%
Profitable Months	62.07%
June Quarter Distribution	\$0.0164
Fund Assets (million)	\$38.06
Application Unit Price	1.0506
Withdrawal Unit Price	1.0448
Net Asset Value Unit Price	1.0477

TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio
ARB Corporation	6.50%
McMillan Shakespeare	4.71%
Flight Centre	4.39%
IOOF Holdings	4.30%
Thorn Group	3.79%
Computershare	2.87%
Treasury Group	2.84%
Austbrokers Holdings	2.79%
Spark Infrastructure Group	2.75%
Telstra Corporation	2.54%
<i>Other Australian Shares</i>	<i>48.44%</i>
<i>Cash</i>	<i>14.10%</i>
TOTAL	100%

Important Information

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