

GANES VALUE GROWTH FUND

The net asset value of the Ganes Value Growth Fund increased by 2.8% outperforming the market's return of negative 1.1% as measured by the S&P/ASX 300 Accumulation Index. The majority of companies in the Fund's portfolio reported their 2010 financial year results during August and the good performance of the Fund reflects a generally positive set of results from the companies in which it invests.

During the month:

- ARB Corporation, the Fund's largest holding, produced an exceptional result with revenue up 19% and earnings per share up 37% over the prior year. The company benefited from Federal government new vehicle incentives during the year. The share price increased 20.6% during the month.
- Flight Centre lifted its income margin to a record 14.1% on the back of a particularly good result from its Australian business and profit lifted significantly from the poor prior year result. The share price increased 5.8% during the month.
- McMillan Shakespeare lifted revenue 21% and pre tax profit 27% in its existing salary packaging business. There was also a small contribution from the asset finance business acquired in April. The McMillan Shakespeare share price is up around 70% in the last 12 months and a portion of the holding has been sold taking advantage of the strong current price.
- IOOF Holdings lifted profit 62% despite only a 4% increase in revenue driven by cost cutting and merger synergies. A portion of the holding was sold to take advantage of the strong price gains and in recognition of the regulatory risks surrounding the industry.
- Existing positions in Ansell, Coca Cola Amatil, CSG, Hunter Hall, Mystate and Spark Infrastructure were all added to. Customers Limited was sold on the back of poor results. Mitchell Communications was sold on market following the acceptance of a takeover offer by Aegis Group. Partial sales were also recorded in Specialty Fashion and Treasury Group.
- At the end of the month the Fund held 60 investments and had 17.8% invested in cash.

PERFORMANCE SUMMARY

Performance Summary as at 31 August 2010	Ganes Value Growth Fund
Since Inception p.a. (18/11/05)	4.09%
1 Year	15.06%
2 Years p.a.	5.36%
3 Years p.a.	-4.02%
1 Month	2.76%
Profitable Months	62.71%
June Quarter Distribution	\$0.0164
Fund Assets (million)	\$39.57
Application Unit Price	1.0796
Withdrawal Unit Price	1.0736
Net Asset Value Unit Price	1.0766

TOP TEN HOLDINGS

Top Ten Holdings	% of Portfolio
ARB Corporation Limited	7.55%
Flight Centre	4.46%
McMillan Shakespeare Limited	4.32%
IOOF Holdings	3.67%
Thorn Group Limited	3.63%
Austbrokers Holdings Limited	2.85%
Spark Infrastructure Group	2.60%
Computershare Limited	2.59%
Fleetwood Corporation Limited	2.44%
Blackmores Limited	2.39%
<i>Other Australian Shares</i>	<i>45.67%</i>
<i>Cash</i>	<i>17.83%</i>
TOTAL	100%

Important Information

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