

Ganes Value Growth Fund

SECTOR FUNDS

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December 2010

The net asset value of the Ganes Value Growth Fund increased by 2.6% during December, while the S&P/ASX 300 Accumulation Index rose by 3.8%. Sharemarket returns were generally weak for 2010, gold was the best performing sector of the market while resources generally also produced a strong year. Industrials, and in particular telecommunications, experienced negative returns. Against that backdrop the manager is pleased to report a positive return for the Fund of 13.2% for the year.

- The main contributors to Fund performance for December came from the Fund's larger holdings. McMillan Shakespeare rose 14.1% despite no news being announced and the Fund continued to reduce its holding in the company. Thorn Group rose a further 13.3% during the month and the Fund also took the opportunity to further reduce its holding in the company.
- Computershare rose 10.4% during the month despite no news being announced, while Flight Centre rose 10.3% as it took full ownership of Boston-based Garber's Travel Services. The company predicts the US operations will be profitable for 2011, with the strong Australian dollar creating demand for overseas travel.
- Fleetwood Corporation rose 6.4% during the month as demand for resource projects appears to remain strong. The shares have risen strongly over the past year and forecast earnings for the next year have been upgraded. The Fund also trimmed its position in the company during the month.
- Additional activity during the month included further purchases of Woolworths which is now the Fund's third largest holding. The manager continued to make further purchases of the Magellan Flagship Fund, although the price rose above the manager's target purchase price before a more meaningful position could be established.
- The Fund sold down its holding in Orotan Group, reflecting the manager's preference to reduce exposure to the retailing sector. The Orotan Group investment has performed well with the shares producing a return of more than 50% since their purchase in September 2009.
- Other minor Fund changes include purchases of Cabcharge Australia, Coca Cola Amatil, Peters MacGregor Investments and Ansell with sales in IOOF Holdings, Blackmores and Specialty Fashion. The Fund will pay a distribution of 1.1 cents per unit for the December quarter.

| Performance Data as at | 31/12/2010 |
|-------------------------|------------|
| 1 month | 2.55% |
| 3 months | 4.42% |
| 6 months | 17.13% |
| 1 year | 13.21% |
| 2 years (p.a.) | 25.54% |
| 3 years (p.a.) | -1.61% |
| Since Inception (p.a.)* | 5.81% |
| Net Asset Value (\$) | 1.1702 |
| Fund Size (\$ million) | 46.29 |

* Inception date of Fund 18/11/2005

| Top 10 Portfolio Holdings | % |
|------------------------------|---------|
| CASH | 22.53% |
| ARB Corporation Limited | 6.86% |
| Flight Centre Limited | 4.76% |
| Woolworths Limited | 3.83% |
| McMillan Shakespeare Limited | 3.43% |
| IOOF Holdings Limited | 3.38% |
| Thorn Group Limited | 3.24% |
| Computershare Limited | 3.10% |
| Austbrokers Holdings Limited | 2.89% |
| Spark Infrastructure Group | 2.83% |
| <i>Other holdings</i> | 43.15% |
| TOTAL | 100.00% |

Important Information

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