

# Ganes Value Growth Fund

## SECTOR FUNDS

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CAPITAL

January 2011

The net asset value of the Ganes Value Growth Fund increased by 0.5% during January, while the S&P/ASX 300 Accumulation Index rose by 0.1%. For the first time in several months, industrial stocks outperformed resources, with at least some of the resource sector's poor performance attributable to the impact of flooding on Queensland miners. However, a number of industrial stocks were also affected directly by the floods with the worst affected stock in the Fund being Retail Food Group (-5.2%).

- Retail Food Group (RFG) own a number of retail food brands including Brumby's, Donut King, Michel's Patisserie and bb's café. In January, the company announced that the vast majority of its 320 outlets in Queensland and northern New South Wales had been or will be impacted in some way. RFG foreshadowed 'the loss of franchise service fee and other revenue in the immediate and medium term', as well as a range of other potential adverse impacts on the business. Uncertainty over the magnitude of the financial impact on the company has led to the sale of the Fund's holding in RFG.
- The largest positive contributions to Fund performance during January came from Thorn Group (+6.3%) and Fleetwood Corporation (+6.9%), while Flight Centre (-5.3%) and Computershare (-6.6%) were the largest negative contributors. January is a quiet time on the company news front and there were no company announcements that can be attributed to these share price movements.
- Woolworths (-1.0%) downgraded its half and full year net profit after tax guidance for the 2011 financial year, citing that lower consumer confidence levels, the uncertainty surrounding inflation and the risk of higher interest rates will potentially lead to a more subdued trading environment.
- There was minimal transactional activity in the Fund during January with the sale of RFG and some further trimming of the Fund's holding in Thorn Group on valuation grounds. At the end of the month, the Fund had cash holdings of 23.42%.

Performance Data as at	31/01/2011
1 month	0.52%
3 months	3.29%
6 months	14.48%
1 year	16.10%
2 years (p.a.)	29.87%
3 years (p.a.)	2.41%
Since Inception (p.a.)*	5.82%
Net Asset Value (\$)	1.1764
Fund Size (\$ million)	47.01

\* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
CASH	23.42%
ARB Corporation Limited	6.94%
Flight Centre Limited	4.48%
Woolworths Limited	3.77%
IIOF Holdings Limited	3.38%
McMillan Shakespeare Limited	3.37%
Thorn Group Limited	3.15%
Fleetwood Corporation Limited	2.96%
Austbrokers Holdings Limited	2.92%
Computershare Limited	2.88%
<i>Other holdings</i>	42.73%
TOTAL	100.00%

#### Important Information

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