

Ganes Value Growth Fund

SECTOR FUNDS

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February 2011

The net asset value of the Ganes Value Growth Fund increased by 1.4% during February, while the S&P/ASX 300 Accumulation Index rose by 2.3%. Reporting season wrapped up at the end of February and the Fund fared reasonably well with good results from ARB Corporation, Flight Centre, McMillan Shakespeare and Austbrokers amongst the Fund's larger holdings.

- The manager added to the position in Austbrokers following the company reporting revenue growth of 11% and earnings per share growth of 18% for the half-year. Austbrokers is an insurance broking business with an "owner operator" business model whereby it owns a majority stake in over 40 insurance agencies around Australia. The company has provided earnings guidance for the full year of 10% to 15% growth over that of 2010. The share price rose 12.7% during the month contributing solidly to Fund performance.
- McMillan Shakespeare also reported another strong result following the acquisition of Interleasing during 2010. The company reported profit growth of 83% on last year and the shares rose 12.4% during the month. The manager continued to reduce the holding on valuation and portfolio weighting considerations.
- ARB Corporation, the Fund's largest holding, reported revenue and earnings growth of 17% and increased the interim dividend by 33% for the December half year. Despite the record result, the share price only rose a modest 2.4% during the month.
- Among holdings that detracted from Fund performance were Flight Centre (-5.7% for the month) despite reporting a good result with earnings and dividend growth of 38% for the half year.
- Computershare fell 5% following a lacklustre result and confirming that profits will fall this year in a challenging environment. Sonic Healthcare fell 5.5% during the month along with other healthcare stocks exposed to the pathology industry as the government completes a review designed to rein in the cost of pathology services.
- Activity during the month: the Fund added to positions in Coca Cola Amatil, Austbrokers, Magellan Flagship Fund, Pacific Brands Group, Fletcher Building, Cabcharge, Woolworths, Ansell and Commonwealth Bank. The Fund reduced holdings in Thorn Group, McMillan Shakespeare, CSG, Domino's Pizza, WHK Group and Harvey Norman.

Performance Data as at	28/02/2011
1 month	1.35%
3 months	4.46%
6 months	12.88%
1 year	17.43%
2 years (p.a.)	33.02%
3 years (p.a.)	2.94%
5 years (p.a.)	5.63%
Since Inception (p.a.)*	5.98%
Net Asset Value (\$)	1.1921
Fund Size (\$ million)	48.02

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
CASH	24.23%
ARB Corporation Limited	6.96%
Flight Centre Limited	4.13%
Woolworths Limited	3.83%
Austbrokers Holdings Limited	3.55%
McMillan Shakespeare Limited	3.41%
IOOF Holdings Limited	3.28%
Spark Infrastructure Group	2.81%
Thorn Group Limited	2.72%
Computershare Limited	2.68%
Other holdings	42.40%
TOTAL	100.00%

Important Information

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