

Ganes Value Growth Fund

SECTOR FUNDS

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CAPITAL

March 2011

The net asset value of the Ganes Value Growth Fund increased by 0.4% during March, while the S&P/ASX 300 Accumulation Index rose by 0.7%. These small movements disguise a very volatile month with the market at one point down more than 7% (from the end of February) before a strong recovery kicked in late in March. The large fall early in March can be attributed to uncertainty around the terrible natural disaster in Japan and the widespread political instability in the Middle East which has consequences for the supply and price of oil.

- The largest positive contributions to Fund performance during the month came from ARB Corporation (+9.1%), Austbrokers (+9.0%) and Sonic Healthcare (+7.9%). Other than its inclusion in the S&P/ASX 300 Index, there was no news of any great consequence driving the ARB share price higher. Additionally, there was no direct company news behind the Austbrokers' share price strength, however the company is likely to benefit from insurance premium increases that may flow as a result of recent natural disasters. Sonic Healthcare had a volatile month but finished well up, perhaps on the back of an announcement that the Federal Government has sought to engage directly with the industry in order to reach a negotiated agreement over pathology funding.
- On the negative side, the largest falls in the Fund were seen in Fleetwood Corporation (-7.6%), IOOF (-4.1%) and Fiducian Portfolio Services (-8.0%). In all three cases, there was no company news that the share price weakness can be attributed to. However, IOOF and Fiducian operate businesses whose fortunes are closely tied to the health of the stockmarket, and the volatile market may at least partly explain the share price weakness.
- The Manager was quite active during the month with partial sales of ARB, Blackmores, McMillan Shakespeare, Orotan Group and Thorn Group. Several stocks were exited completely including Crown, Salmat and WHK Group. Purchases focused on topping up existing holdings in Cabcharge, Coca Cola Amatil, the Magellan Flagship Fund and Westpac.
- At the end of the month, the Fund held around 28% in cash, due mainly to the trimming of some larger holdings on valuation grounds. The Fund is in a good position to take advantage of any weakness in the broader market or stocks of interest.

Performance Data as at	31/03/2011
1 month	0.42%
3 months	2.31%
6 months	6.81%
1 year	13.32%
2 years (p.a.)	28.54%
3 years (p.a.)	4.61%
5 years (p.a.)	5.02%
Since Inception (p.a.)*	5.97%
Net Asset Value (\$)	1.1873
Fund Size (\$ million)	47.91

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
CASH	28.38%
ARB Corporation Limited	7.39%
Flight Centre Limited	4.14%
Austbrokers Holdings Limited	3.84%
Woolworths Limited	3.80%
Coca-Cola Amatil Limited	3.15%
IOOF Holdings Limited	3.04%
Spark Infrastructure Group	2.70%
Cabcharge Australia Limited	2.66%
Computershare Limited	2.57%
<i>Other holdings</i>	38.33%
TOTAL	100.00%

Important Information

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