

Ganes Value Growth Fund

SECTOR FUNDS



June 2011

The net asset value of the Ganes Value Growth Fund fell 1.2% during June, while the broader market (the S&P/ASX 300 Accumulation Index) fell by 2.0%. A late rally in the final days of June masked a month that saw declines in various sectors of between 5% and 10% at some stages during the month. As in previous months the Greek, and to lesser extent, Irish and Spanish sovereign debt and banking systems continue to create uncertainty in the market.

- Continuing on from the previous month, the largest negative contribution to performance came from the Fund's largest holding, ARB Corporation. The price was down 6% for the month and while there were no announcements from the company the continuing strong Australian dollar (the second strongest currency against the US dollar behind the Swiss franc for the 2010/11 financial year) and lower car sales volumes in May are almost certainly factors in a change in investor sentiment in the short term.
- McMillan Shakespeare, one of the Fund's best performing stocks for the year, fell 10% on no news, while Thorn Group fell 9% following the announcement of a capital raising at the beginning of the month. The company announced it was raising \$30m in a 1 for 8 renounceable rights issue to fund the recent purchase of National Credit Management Limited (NCML) and restore debt levels to conservative levels. The Fund subscribed for its full entitlement in the capital raising.
- With regard to transactional activity inside the Fund, the Manager made further additions to positions in Invocare, Metcash and the Magellan Flagship Fund. We highlighted the Invocare investment in the previous monthly report and continued to add to our holding during the month.
- Metcash reported a sound full year result during the month with revenue up 7% and underlying profit up nearly 5% on the previous year. The company also increased the dividend by 3.8% to 27 cents per share. In a tough retailing year and with the benefits of the acquisition of the Mitre 10 business still to be fully realised this was a good result and the position was increased during the month.
- At month end cash in the Fund stands at approximately 30.0%, providing the Manager with the flexibility to capitalise on any opportunities as they arise. A distribution of 0.885 cents per unit will be paid for the June quarter.

Performance Data as at	30/06/2011
1 month	-1.18%
3 months	-2.39%
6 months	-0.12%
1 year	16.98%
2 years (p.a.)	20.42%
3 years (p.a.)	7.88%
5 years (p.a.)	4.44%
Since Inception (p.a.)*	5.30%
Net Asset Value (\$)	1.1500
Fund Size (\$ million)	48.72

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
Cash	29.97%
ARB Corporation Ltd	6.67%
Flight Centre Limited	3.96%
Woolworths Limited	3.87%
Austbrokers Holdings Limited	3.76%
Coca-Cola Amatil Limited	3.21%
Spark Infrastructure Group	3.06%
IOOF Holdings Limited	2.72%
Sonic Healthcare Limited	2.47%
Cabcharge Australia Limited	2.44%
Other holdings	37.87%
TOTAL	100.00%

Important Information

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