

# Ganes Value Growth Fund

## SECTOR FUNDS

**OFFICIUM**  
CAPITAL

October 2011

The Ganes Value Growth Fund returned 2.9% for the month of October. Global markets rose strongly as worries surrounding the euro-zone appeared to recede as an agreement was reached over the Greek bailout. The Fund lagged the market as the rebound was concentrated in the higher risk cyclical stocks with defensive sectors left behind. The Manager believes that the current euro-zone problems are far from over and volatile markets will continue.

- October marks the commencement of Annual General Meeting (AGM) season and the Fund's best performing companies during the month were Flight Centre and McMillan Shakespeare following positive commentary from management at their respective AGMs.
- Flight Centre is forecasting a 10% increase in underlying profit next year, and stated that the first quarter had started well with both profit and sales ahead of expectations. Even the recent grounding of Qantas aircraft has not had any material impact on the business with travellers finding alternate transport or rescheduling travel arrangements. However, buoyant conditions rely upon a strong Aussie dollar so even though the stock looks cheap by historical standards the Manager has not added to the position at these prices.
- McMillan Shakespeare did not issue any profit forecasts at their AGM, however, management stated that performance for the first quarter has exceeded expectations and the company is targeting ongoing organic growth.
- Negative contributors to Fund performance included Fletcher Building, after advising that trading conditions in New Zealand remained challenging with low levels of activity in the residential and commercial construction sectors. ARB Corporation was also down during the month after it advised at its AGM that first quarter sales were only in line with last year and that it remained cautious in the short term given the current economic environment. Since the AGM, the company has also advised that it was feeling the knock-on effects of the Thailand floods even though its own production facilities are unaffected by the floods.
- Portfolio activity during the month was limited to small additional purchases of Cochlear following its AGM.

Performance Data as at	31/10/2011
1 month	2.87%
3 months	0.54%
6 months	-2.99%
1 year	2.00%
2 years (p.a.)	7.97%
3 years (p.a.)	12.54%
5 years (p.a.)	1.69%
Since Inception (p.a.)*	4.92%
Net Asset Value (\$)	1.1315
Fund Size (\$ million)	47.39

\* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
Cash	28.61%
ARB Corporation Ltd	7.30%
Austbrokers Holdings Limited	3.83%
Flight Centre Limited	3.77%
Coca-Cola Amatil Limited	3.73%
Woolworths Limited	3.59%
Spark Infrastructure Group	2.99%
McMillan Shakespeare Limited	2.91%
Cochlear Limited	2.84%
IOOF Holdings Limited	2.72%
<i>Other holdings</i>	37.71%
TOTAL	100.00%

#### Important Information

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