Ganes Value Growth Fund

November 2011

November was another volatile trading month with the S&P/ASX 300 Accumulation Index experiencing greater than 1% movements in 11 out of the 21 trading days. The Fund once again demonstrated its resilience in a falling market, returning -1.5% against the market loss of 3.4% during November. The domestic market has fallen 7 of the last 12 months, with the Fund outperforming the market in each negative month.

- November saw the continuation and conclusion of Annual General Meeting (AGM) season. Reflecting the broader market trend, AGM commentary amongst the Fund's holdings was far more negative than positive.
- On the positive side, Cabcharge reported first quarter results 'beyond all expectations' and Fleetwood reported a healthy order book in its recreational vehicles division and strong demand in manufactured accommodation. Sonic Healthcare said the business was on track year to date and expected profit growth of 10 to 15%. Oroton continued to buck the gloomy retail outlook by reporting that positive momentum had continued into the first 17 weeks of the new year and expects a net 8 new store openings this year on top of the 85 at the end of the 2011 financial year.
- On the negative side, Computershare reported a very tough operating environment and expects the first half to be down 15% on the prior corresponding period. IOOF gave half year guidance, the top end of which was below consensus market forecasts. Fletcher Building warned that low levels of activity in residential and commercial construction had impacted the business and the first half was expected to 10% down on last year. At Hunter Hall, funds under management were down 14% since June 30 driven by a combination of poor fund performance and fund outflows. Profits were down 20% year to date. Fellow fund manager, Platinum Capital, reported pre-tax profit down 5% year to date. McPhersons offered a challenging outlook for the financial year with pre-tax profit expected to be 20% down on financial year 2011. The first half is expected to be down 30% on the prior period.

Performance Data as at	30/11/2011
1 month	-1.50%
3 months	-0.72%
6 months	-3.24%
1 year	0.33%
2 years (p.a.)	6.95%
3 years (p.a.)	16.55%
5 years (p.a.)	0.91%
Since Inception (p.a.)*	4.62%
Net Asset Value ($)	1.1146
Fund Size ($ million)	46.22

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
CASH	30.26%
ARB Corporation Ltd	7.49%
Austbrokers Holdings Limited	3.83%
Woolworths Limited	3.80%
Flight Centre Limited	3.67%
Coca-Cola Amatil Limited	3.64%
Spark Infrastructure Group	3.20%
Cochlear Limited	2.76%
McMillan Shakespeare Limited	2.72%
Fleetwood Corporation Limited	2.46%
Other holdings	36.17%
TOTAL	100.00%

- Several of the Fund's holdings reported half or full year results during November. Metcash confirmed tough trading conditions with sales growth hampered by price deflation. However, they still managed small positive revenue growth (1.7%), strong cashflow and upgraded full year guidance to low to mid single digit growth. Thorn Group has had a very strong first half with earnings per share up 19%,the dividend up 13% and a management forecast of a 'substantial increase in earnings' for the full year. Orica produced a solid full year result with sales up 6% and pre-tax profit up 2%, and indicated full year profit would be ahead of the prior year. Finally, Dulux reported a 3% growth in revenue, and 9% growth in pre-tax profit with the result impacted by the January floods.
- There were no purchases during the month, and sales included McPhersons (full sale) following the AGM profit warning, IOOF (partial sale), Pacific Brands (finalisation of selldown).

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