

The momentum of the last half year continued into January with the All Ordinaries Accumulation Index up a surprising 5.1% for the month, bringing the gains over the past six months to more than 17.0% and unofficially marking the start of a bull market. The Ganes Value Growth Fund lagged the market in January with a 3.7% return, however, the Fund has still produced a healthy 22.2% return for one year and the Fund continues to outperform the market over longer timeframes.

Major positive contributions came from Flight Centre (up 12.4%), ARB Corporation (up 9%), Woolworths (up 6.5%), Computershare (up 16.5%) and Treasury Group (up 8.8%).

While negative contributions from Austbrokers (down 2.9%) and McMillan Shakespeare (down 0.9%) detracted from portfolio performance.

January is a quiet month for news and there were no company announcements that can be attributed to the specific rises or falls, just the general positive market sentiment.

Woolworths released their sales results for the December half-year in January and they were encouraging, which saw the share price rise to reach a five-year high. Much media commentary is made of the sales growth comparisons between Coles and Woolworths however we don't believe this is the most relevant analysis. Woolworths is a much larger retailer than Coles and therefore it is simply harder to grow at the same or better rate than its smaller rival. For the latest half year sales were up 4.8% overall to \$30bn and the supermarket division – the engine room of the business – recorded revenue growth of 3.7% to \$26bn.

The company also opened another 10 Masters stores during the half bringing the total to 25 stores. Revenue for the home improvements division was \$637m with particularly strong revenue growth in the second quarter. It's still early days and only represents 2% of Woolworths sales but home improvements could become another substantial business within the group in the years ahead.

There were virtually no changes to the portfolio during the month with the sale of a small amount of Spark Infrastructure the only portfolio change. Prices of quality businesses with defensive and predictable earnings continue to remain at relatively unattractive prices but we look forward to reporting season which may provide some opportunities to put our substantial cash weighting to work.

Performance Data as at	31 Jan 13
1 Month	3.70%
3 Month	6.29%
6 Month	11.70%
1 Year	22.22%
2 Year (p.a.)	9.86%
3 Year (p.a.)	12.01%
5 Year (p.a.)	5.79%
Since Inception (p.a.)*	7.15%
Net Asset Value Unit Price (\$)	1.3167
Fund Assets (\$ million)	43.21

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
Cash	36.06%
ARB Corporation Limited	8.39%
Austbrokers Holdings Limited	6.47%
Flight Centre	5.65%
Woolworths	5.17%
Cochlear Limited	3.92%
Spark Infrastructure Group	3.90%
McMillan Shakespeare Limited	3.08%
Coca-Cola Amatil Limited	2.93%
Computershare Limited	2.78%
Other Holdings	21.65%
Total	100.00%

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