

The market finally took a breather in March with a fall of 2.2% after having produced a surprisingly strong run since November. A sharp fall of nearly 10% in the materials sector was the main driver of the decline, a sector we have very limited exposure to which was reflected in the fund's return of 1.2% during March.

An uncertain macro environment came back into the news during the month with a proposed 9.9% tax on bank deposits in Cyprus providing a new and unexpected twist to the Euro crisis. Meanwhile Japan has also committed to quantitative easing and a doubling of its money supply which has caused its sharemarket to roar more than 40% in the past few months, and the yen to fall significantly.

With reporting season winding down at the end of February there was not much news to drive the portfolio in March.

One of the larger contributors to portfolio performance during the month was Peters MacGregor with a rise of 13.8% during the month. The company announced it will hold a meeting of shareholders to propose the company be wound up and funds returned to shareholders. The company was listed in 2004 as a listed investment company with a global investment strategy and a focus on large, multinational US based companies. The shares have consistently traded at a discount to their underlying net assets and as a result the investment manager has proposed an orderly liquidation of the portfolio and returning the funds to shareholders.

The fund has an average purchase price of 93c and will make a modest profit on the investment should the wind up proposal be approved and the forecast return \$1.09 per share is achieved. The meeting of shareholders will be held on 29th April, and as one of the larger shareholders the fund shall be voting in favour of the resolution.

Other positive contributions to fund performance came from Flight Centre (+4.8%), Austbrokers (+5.9%), Treasury Group (+7.0%), Magellan Flagship Fund (+8.6%).

Negative contributions to fund performance came from Woolworths (-1.5%), McMillan Shakespeare (-2.6%), Cochlear (-3.9%) and Invocare (-0.3%).

There was little activity in the portfolio during the month; further sales of ARB Corporation and ALE Property Group on valuation grounds being the only portfolio movements. Across the portfolio fundamentals remain sound, however, with very strong returns over the last 12 months, valuations are not particularly attractive.

Performance 31-Mar-13	Ganes	All Ord Index
1 Month	1.23%	-2.24%
3 Month	8.54%	8.04%
6 Month	13.56%	15.37%
1 Year	19.78%	17.80%
2 Year (p.a.)	11.41%	5.12%
3 Year (p.a.)	12.18%	5.01%
5 Year (p.a.)	7.71%	2.76%
Since Inception (p.a.)*	7.65%	5.53%
NAV Unit Price (\$)	1.3758	
Fund Assets (\$ million)	45.55	

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
Cash	38.31%
ARB Corporation Limited	7.92%
Flight Centre	6.75%
Austbrokers Holdings Limited	6.22%
Woolworths	5.28%
Spark Infrastructure Group	3.48%
Cochlear Limited	3.12%
Coca-Cola Amatil Limited	2.91%
McMillan Shakespeare Limited	2.72%
Invocare Limited	2.69%
Other Holdings	20.60%
Total	100.00%

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