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GANES INVESTMENT MANAGEMENT PTY LTD
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April saw the broader market up around 1.7%, driven by strong performances from Energy, Metals & Mining, Banks and REITs (property trusts), though there was little in the way of news driving these gains. While we are in the midst of bank reporting season, the rest of the market is pretty quiet on the news front at this time of the year.

The Fund under-performed the broader market, producing a small positive return of 0.16%. The biggest contributor to the under-performance came from Coca-Cola Amatil following a trading update from the company. New group managing director, Alison Watkins, announced the completion of an initial review of business and has now been asked by the Board to lead a comprehensive review of Group strategy. At the end of the first quarter of trading, weakness is evident in both the Australian and Indonesian businesses, with management now expecting first half group pre-tax profit before significant items to be down around 15% on the prior period and expectations that challenging trading conditions will continue.

In the Australian beverage business, the company is experiencing aggressive pricing activity in the grocery channel from rivals. And in Indonesia, strong volume growth of 10% is expected in 2014 but significant cost inflation is expected to erode this. On the positive side, strong performance was reported in the PNG business and continued improvement in New Zealand.

We significantly reduced our holding in Coca-Cola Amatil in late 2012 and early 2013 at an average price of \$13.62 such that the stock constitutes just 1.62% of the Fund. At the current price around \$9, the stock is looking far more attractive, though the underlying business is not without its challenges.

Other negative contributions to the Fund performance in April came from Treasury Group and Platinum Asset Management following the lead of other market linked stocks during the month.

On the positive side of the ledger, Woolworths, Flight Centre and Lend Lease made the strongest contributions to performance. At the end of the month, Woolworths announced third quarter sales results with an increase of 5.3% in sales over the same quarter last year. Flight Centre announced that it was appealing the unfavourable Federal Court decision which found for the ACCC in their test case against the company and awarded \$11m in penalties.

Unusually for us, we were keen to invest in a new listing - Beacon Lighting, which came onto the market in mid-April. There is a lot to like about this business, and this has been recognised by the market. The price has risen significantly on its float price and above our assessed intrinsic value, denying us the opportunity to deploy some of our cash. Unfortunately, a common feature of current market conditions.

Performance 30-Apr-14	Ganes	All Ord Index
1 Month	0.16%	1.29%
3 Month	3.66%	6.46%
6 Month	2.18%	3.03%
1 Year	7.75%	10.43%
2 Year (p.a.)	14.77%	15.58%
3 Year (p.a.)	11.21%	8.41%
5 Year (p.a.)	16.44%	12.51%
Since Inception (p.a.)*	7.95%	6.52%
NAV Unit Price (\$)	1.4848	
Fund Assets (\$ million)	45.23	

* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
Cash	37.17%
Flight Centre	10.63%
Woolworths	6.80%
Austbrokers Holdings Limited	4.93%
Treasury Group Limited	4.26%
Spark Infrastructure Group	3.74%
Computershare Limited	3.12%
ARB Corporation Limited	2.96%
Sonic Healthcare Limited	2.77%
Magellan Flagship Fund	2.57%
Other Holdings	21.05%
Total	100.00%

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