

The Australian market produced a strong result for October with the All Ordinaries up nearly 4% on the back of strong performance by the banks, and to a lesser extent the property sector. All of the major banks were up significantly during the month and only the subdued performance of BHP and RIO prevented the market from reporting an even better performance for the month.

The Fund also recorded a positive month with a performance of 2.5%, driven largely by **Woolworths** producing a solid month and the outperformance of **Trade Me** and **Invocare**. Fund performance was constrained by the ongoing weakness in the **Flight Centre** share price which was down nearly 2% for the month.

Overseas markets were generally positive during the month as well. While starting the month on a weak note, the US market rallied more than 8% in the final two weeks to record yet another record high and produce an overall rise of 2.3% for the month. The rally came on the back of news that the US economy is moving again at an annualized rate of 3.5% and consumer confidence is rising again.

Performance 31-Oct-14	Ganes	All Ord Index
1 Month	2.53%	3.96%
3 Month	1.48%	-0.80%
6 Month	1.15%	2.82%
1 Year	3.36%	5.94%
2 Year (p.a.)	11.66%	14.93%
3 Year (p.a.)	12.76%	12.89%
5 Year (p.a.)	10.79%	7.92%
Since Inception (p.a.)*	7.62%	6.47%
NAV Unit Price (\$)	1.4817	
Fund Assets (\$ million)	39.11	

\* Inception date of Fund 18/11/2005

We have a number of investments in the Fund that will benefit from a more robust US economy including **Magellan Flagship Fund**, **Computershare** and **Sonic Healthcare**.

Along with the main positive contributions from **Woolworths**, **Trade Me** and **Invocare** there were widespread gains across most of the portfolio.

**Trade Me** shares were up 12% for the month as the company announced that job growth in New Zealand has continued recent trends, with most markets experiencing growth north of 12%. The company held its AGM at the end of the month providing a good overview of the business and update, and affirmed that FY15 has started in line with expectations and full year guidance. If they can control cost increases, there is significant potential for profit increase in this business.

The **Invocare** share price was up more than 10% for the month but there was no specific news driving this and appears to be a continuation of market sentiment from previous months as the price is now up more than 25% since the end of June.

The **Flight Centre** share price hit a 52-week low during the month dipping below \$40. It is now down nearly 30%, since hitting \$55 in March and as our largest holding has weighed on recent Fund performance. There was no specific news and appears to be a continuation of poor market sentiment towards the company, in line with sagging consumer confidence since the Budget. We attended the AGM at the end of the month and while

Top 10 Portfolio Holdings	%
Cash	25.83%
Flight Centre	9.58%
Woolworths	7.59%
Austbrokers Holdings Limited	5.78%
Treasury Group Limited	5.37%
Spark Infrastructure Group	4.70%
ARB Corporation Limited	4.09%
Computershare Limited	3.59%
Sonic Healthcare Limited	3.38%
Magellan Flagship Fund	3.11%
Other Holdings	26.98%
Total	100.00%

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management remained positive, they did appear to be dampening growth prospects for this year without issuing any downward guidance.

During the month, we continued to add incrementally to our position in **Templeton Global Growth**, and exited our position in **Lend Lease** with a healthy return as the price has risen more than 40% in the past 12 months.

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