

June was a negative month on the local market with the All Ordinaries Index finishing down 2.6% for the month. Australia followed global markets down with the negativity widely attributed to comments by US Federal Reserve chairman Bernanke who for the first time openly discussed a withdrawal of quantitative easing. In the midst of this volatility and associated fear it is easy to lose sight of the fact that the Australian share market has produced an outstanding 21% return for the 2013 financial year.

The Fund has fared somewhat better than the broader market adding just over 23%, a pleasing result particularly in light of the high allocation to cash in the Fund over the course of the year.

The Fund recorded a small negative (-0.25%) return for June. The largest positive contributions (in dollar terms) came from Austbrokers, Treasury Group and Invocare. Austbrokers announced the purchase of a 77% stake for \$15.7m in InterRISK, a mid-tier insurance broker in the corporate sector. The acquisition is relatively small, but further adds to the growing list of small acquisitions by the company.

The largest negative contributions came from ARB, Computershare, Cochlear and McMillan Shakespeare.

The poor month for Cochlear followed the release of a market update by the company at the start of June where the company said that second half sales were weaker than expected and net profit for the year was now expected in the range of \$130m to \$135m. To put this in context, net profit for Cochlear peaked in FY11 at \$180m before the damaging product recall in FY12. The second half weakness appears to be largely due to weak overall market demand in the Americas. The Fund reduced its exposure a little to the company following the profit warning.

Other part sales during the month were ARB, Austbrokers and Flight Centre after very strong share performance. Flight Centre, for example, has doubled over the course of the financial year. There were no purchases during June.

The fund is well positioned to take advantage of any opportunities that may arise as we head into the main company reporting season of July and August.

Performance 30-Jun-13	Ganes	All Ord Index
1 Month	-0.25%	-2.62%
3 Month	1.92%	-3.33%
6 Month	10.62%	4.44%
1 Year	23.33%	20.67%
2 Year (p.a.)	13.85%	5.91%
3 Year (p.a.)	14.89%	7.96%
5 Year (p.a.)	10.47%	2.19%
Since Inception (p.a.)*	7.66%	4.88%
NAV Unit Price (\$)	1.3926	
Fund Assets (\$ million)	46.06	

\* Inception date of Fund 18/11/2005

Top 10 Portfolio Holdings	%
Cash	43.35%
Flight Centre	7.58%
Austbrokers Holdings Limited	6.61%
Woolworths	5.05%
ARB Corporation Limited	4.63%
Spark Infrastructure Group	3.59%
McMillan Shakespeare Limited	2.95%
Treasury Group Limited	2.77%
Invocare Limited	2.75%
Computershare Limited	2.53%
Other Holdings	18.19%
Total	100.00%

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