

GANES FOCUSED VALUE FUND – SEPTEMBER 2015

Unit Prices*

	30.09.15	30.06.15	30.06.14	30.06.13	30.06.12	30.06.11	30.06.10	30.06.09	30.06.08
Entry Price (\$)	\$2.5391	\$2.5890	\$2.5716	\$2.4721	\$2.0377	\$2.0438	\$1.8024	\$1.5322	\$1.8130
Unit Price (\$)	\$2.5302	\$2.5800	\$2.5626	\$2.4635	\$2.0306	\$2.0366	\$1.7961	\$1.5268	\$1.8067
Exit Price (\$)	\$2.5214	\$2.5709	\$2.5537	\$2.4549	\$2.0235	\$2.0295	\$1.7898	\$1.5215	\$1.8003
Distribution (cents per unit)	-	8.0993	4.0178	4.5014	4.8340	6.7378	5.8396	6.6702	11.6800

* Unit prices are quoted pre-distribution. The total distribution paid during the financial year is shown.

Past Performance*

	Ganes Focused Value Fund	ASX300 Accumulation Index	Margin
3 months	0.0%	-6.5%	+6.5%
6 months	-4.5%	-12.5%	+8.0%
1 Year	1.7%	-0.7%	+2.4%
2 Years (p.a. compound)	2.0%	2.5%	-0.5%
3 Years (p.a. compound)	7.6%	9.1%	-1.5%
5 Years (p.a. compound)	7.3%	6.3%	+1.0%
7 Years (p.a. compound)	8.6%	5.8%	+2.8%
10 Years (p.a. compound)	8.5%	5.2%	+3.3%
12 Years (p.a. compound)	10.6%	8.4%	+2.2%
Value of \$10,000 invested at inception (14/10/2002)	\$41,763	\$29,643	

Largest Ten Holdings

Templeton Global Growth (TGG)
 Flight Centre (FLT)
 Magellan Flagship Fund (MFF)
 PM Capital Global Opportunities (PGF)
 ARB Corporation (ARB)
 Isentia (ISD)
 Austbrokers (AUB)
 GBST (GBT)
 Beacon Lighting (BLX)
 Reece Australia (REH)

Portfolio Allocation

Top ten 44.7%
 Other shares 46.9%
 Cash 8.4%

* Fund performance is net of all fees and expenses, and assumes reinvestment of distributions. Investments can rise and fall in value. Past performance is not necessarily indicative of future performance. The fund currently invests substantially in smaller companies that may involve unique risks. The Product Disclosure Statement details the risks associated with an investment in the fund and is essential reading for investors.

The last quarter has been a very volatile period in equity markets both in Australia and overseas. The local market was up 4.3% in July (after falling 5.3% in June), down 7.7% in August and down a further 2.9% in September. There is plenty of commentary around trying to explain why this is happening and perhaps the top two contenders currently are Chinese/Global growth concerns, and the expected U.S. Federal Reserve lift-off from a zero interest rate. If you want to stay sane as an investor, and avoid making fear invoked bad decisions, the best thing is to largely avoid this noise, focus on your long-term investment goals and continue to manage your investments in a calm, methodical manner. This is what we try to do. While absolute performance has been ordinary over the last 3 to 6 months, the Fund has performed very well in relative terms outperforming the market by 6.5% over three months and 8% over six months. Fear and volatility also often bring opportunity and we have used this opportunity to bring the cash down into single digits with a number of purchases.

In the middle of the market turmoil, the majority of ASX listed companies reported either their full year or half year financial results. Across the broader market, companies tended to disappoint either with their results or their outlook statements. It is pleasing to report that the Fund portfolio had a more positive reporting season than the broader market and this has been reflected in the strong relative performance of the Fund return compared to the market over the last quarter.

One of our recent additions to the portfolio, Smartgroup, released its half-year results which were outstanding with revenue up 29%, earnings up 47% and pleasingly, the company also added 10% in client numbers. Understanding the industry through our prior investment in McMillan Shakespeare we purchased the shares because they represented extremely good value, despite the regulatory risk that does surround the industry. Other companies in the portfolio to report excellent results included Beacon Lighting, Reece and AP Eagers. During the quarter we added another globally focused listed investment company, PM Capital Global Opportunities, attractive because of its stable of high quality businesses and our ability to purchase at a meaningful discount to net asset backing.

IMPORTANT INFORMATION: This update does not take into account any individual's investment objectives, particular needs or financial situation. It is general information only and should not be considered to be investment advice and should not be viewed or relied on as an investment recommendation. Ganes Capital Management Ltd (ACN 102319675) (AFSL 291363) is the Responsible Entity for the Ganes Focused Value Fund (ARSN 117119712). Decisions to invest should only be made after considering the information contained within the current Product Disclosure Statement (PDS). Initial application for units can only be made on an application form attached to the current PDS.