



GANES FOCUSED VALUE FUND

ARSN 117 119 712

PRODUCT DISCLOSURE STATEMENT

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The issue date of this Product Disclosure Statement (PDS) is 22 August 2011.

This PDS is prepared in accordance with Subdivision 4.2C of Division 4 of Part 7.9 of the *Corporations Regulations 2001*.

You should consider the information in this PDS before making a decision about the Ganes Focused Value Fund. This PDS is a summary of significant information and contains a number of references to important information which, while not part of this document, forms part of the PDS. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS that is not materially adverse to unitholders is subject to change. Ganes may update this information. You can obtain a copy of this PDS and any matter applied, adopted, or incorporated by this PDS, as well as this updated information via our company website (www.ganescapital.com), by calling Ganes, or contacting your financial adviser. A paper copy of the updated information will be provided free of charge on request.

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1. About Ganes Capital Management Limited (“Ganes”)

Ganes is the responsible entity and investment manager of the Ganes Focused Value Fund (the Fund). Ganes holds an Australian Financial Services Licence (# 291363) authorising it to act in these capacities. Ganes acts as trustee for the Fund. It has appointed a custodian which holds Fund assets on its behalf. As well as determining how assets of the Fund are invested, Ganes is responsible for the operation and administration of the fund as set out in the Fund’s constitution and applicable laws.

Ganes was founded by Dr Clive Gaunt and Mr Wayne Jones as a privately owned boutique fund manager, based in Brisbane, specialising in the management of investments in the Australian equities markets. The name ‘GANES’ is derived from the managers surnames, GAunt and joNES. Ganes launched the Fund in October 2002.

2. How the Ganes Focused Value Fund (“the Fund”) works

The Fund is a managed investment scheme registered with ASIC. By investing in a managed investment scheme your funds are added to those of other investors to create a pool of capital. The scheme assets are held by a custodian. The capital is invested under the direction of Ganes in a range of investments authorised under the scheme’s constitution.

The Fund is a unit trust. Investors in a managed investment scheme are issued units in the scheme. There are two types of units in the Fund, Class R (retail) units and Class W (wholesale) units. The only difference in these units is that management fees that may be charged against the units are different.

The price of units primarily reflects changes in the value of the scheme assets. Accordingly the price of interests will vary as the market value of assets in a scheme rises or falls.

Unless otherwise agreed, the minimum investment for Class R unitholders is \$20,000, and the minimum investment for Class W unitholders is \$500,000. You can increase your investment by buying more units in the Fund, with minimum additional investments of \$2,000. Generally, you can decrease your investment by selling some of your units, although in some cases (such as a freeze on withdrawals) you may have to wait a period of time before you can reduce your investment. You may also be entitled to transfer your units to another person, subject to Ganes’ absolute discretion.

The profits, if any, of the Fund are distributed to investors in proportion to their unit holdings at the distribution date. The distribution dates are 31 December and 30 June of each year. Members may elect to have their income distributions reinvested in additional units at the ex-distribution entry price.

Investing through a master trust or wrap account

If you are investing through a master trust or wrap account, it is important to understand that it is generally the provider of that service which becomes the investor in the Fund. We are not responsible for the operation of any master trust or wrap account service.

3. Benefits of investing in the Ganes Focused Value Fund

By investing your money in the Fund, you are pooling your money with other investors, and this money is managed by Ganes with the aim of generating wealth for you and your fellow unitholders.

By investing in the Fund you are taking advantage of the investment expertise and skills of Ganes investment managers. Details of how the Fund’s assets are invested are set out in the “How we invest your money” section of the PDS.

The Fund is a registered managed investment scheme, which is subject to regulation from ASIC, to ensure it meets its varied obligations including those set out in the *Corporations Act 2001*, the *Corporations Regulations 2001*, and also the Fund's own constitution and compliance plan. Ganes and the Fund are subject to various financial and compliance audits each year.

As a disclosing entity, Ganes is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the scheme may be obtained from, or inspected at, an ASIC office. A copy of the Fund's annual financial report is available free of charge by requesting a copy from Ganes. Periodically, Ganes will publish an overview of the investment activity and performance of the fund on www.ganescapital.com. June and December reports will be mailed to unitholders. Ganes will not discuss current investment activities with individual unitholders unless reporting to all unitholders.

4. Risks of managed investment schemes

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. Returns are not guaranteed and you may lose some portion of the money you invest.

The following are significant risks of the Ganes Focused Value Fund:

Poor stock selection or portfolio management

Ganes may make poor decisions when selecting stocks for the portfolio or managing the portfolio, which may result in a capital loss to the Fund.

Market risk

There is the risk of decline across the whole sharemarket due to economic factors, technological change, political or geopolitical events, changing legal conditions, or market sentiment which could affect the value of the underlying assets in the Fund.

Economic risk

The performance of the stocks in which the Fund invests may be affected by a range of economic factors including interest rates, inflation, exchange rates, government monetary and taxation policy, the state of the domestic and global economies, and changes in the market prices of fixed interest securities, property and a range of other assets.

Company specific risk

Capital gains or losses from owning shares in a company may be affected by changes in the underlying strength of the cashflows, profitability or management of the company. Similarly, reduced profitability could lead to lower dividend payments to investors.

Small company and liquidity risk

The Fund may invest substantially in companies that are classed as small or micro-cap stocks. These stocks are often considered to be more risky than large-cap stocks for a number of reasons including the lower liquidity associated with trading in small or micro-cap stocks. The shares the Fund invests in may not always be readily sold as a result of low market liquidity, suspension of trading in the company shares, or even suspension of trading on the exchange.

Portfolio or diversification risk

Because the Fund will hold a limited number of investments, some of which may comprise a large portion of the Fund's value, the Fund is unlikely to hold a fully diversified portfolio. As a result, the unit price of the Fund may be more volatile than the unit price of other funds or the market.

Third party risk

When dealing with third parties (counterparties such as custodians, brokers and administrators), there is always a risk of loss caused by the failure of these third parties to meet their obligations.

When considering whether to invest in this Fund or any similar fund, it is important to recognise that:

- the value of your investment will vary;
- returns will go up and down, and your future returns may differ from your past returns;
- you may lose a portion of the money you invest – returns are not guaranteed; and
- laws affecting registered managed investment schemes may change.

The level of risk for you will vary depending on a range of factors, including age, investment time frames, where other parts of your wealth are invested, and your risk tolerance.

5. How we invest your money

When you purchase units in the Fund, your money is pooled with all other unitholders and applied to the same investment decisions. Although there are two types of units (Class R and Class W units), there is no difference in the manner in which investment decisions are made. There are no investment options offered by the scheme, and accordingly, a member is not able to switch between investment options.

When deciding to invest in any investment product (or option within a product, where these exist), you should consider the likely investment return, the risk, and your investment timeframe when choosing how to invest.

The Fund may be suitable for an investor who understands that the potential risk and return level of the Fund is high, who is seeking long-term capital growth, and is prepared to accept the inherent volatility of equity markets. The minimum suggested time frame for holding an investment is 5 years.

The overriding objective of the Fund is to generate wealth for unitholders by managing a portfolio of listed Australian equities that, in the opinion of Ganes, will deliver superior returns (via growth and income) over the medium- to long-term. The fund aims to out-perform the ASX 300 accumulation index over rolling three to five-year periods.

Investments are restricted to listed securities, securities to be listed (ie company floats), company issued listed options, and cash or cash alternatives. The Fund does not invest in deposit products (other than a cash management trust), futures contracts and foreign exchange contracts.

Borrowings are not used to leverage investments, however they may be undertaken on a short-term basis to fund redemptions if the sale of underlying securities is not deemed to be in the best interest of other investors within the Fund.

As a general guide, the Fund will hold around 25 to 50 investments. The largest ten holdings tend to represent 35% to 55% of the total fund value. Generally, no more than 15% may be allocated to any single holding. It is important to note that the actual portfolio structure may differ from these general guidelines. Ganes makes no attempt to replicate a stock market index.

Ganes does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising the investments in the Funds.

6. Fees and costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

The ASIC website www.moneysmart.gov.au has a managed investment fee calculator which demonstrates the impact of fees and costs on account balances.

Below is a summary of the fees and costs that a unitholder investing in the Fund will be subject to.

TYPE OF FEE OR COST	AMOUNT (inclusive of GST and RITC)
Fees when your money moves in or out of the Fund	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Termination fee</i>	Nil
Management costs The fees and costs for managing your investment	
<i>Administration expenses:</i> These are the expenses incurred in the operation of the Fund including custodian fees, accounting and audit fees, and other costs incurred in the proper operation of the Fund. This is charged as a fixed expense recovery fee.	0.29% per annum.
<i>Management fee</i>	1.4% per annum. Class W unitholders are entitled to receive a rebate of the management fee of up to 0.47% per annum. This rebate is paid by way of Ganes issuing additional units for the Class W unitholders.
<i>Performance fee</i>	18.64% of any positive return greater than the movement in the ASX300 Accumulation Index ("benchmark") over each twelve-month period ending 30 June (calculated on a daily basis).

Ganes has the right to change the amount of fees without your consent. Fee increases are subject to the maximum fee levels that may be charged under the constitution, and you will receive written notice at least 30 days before fee increases take effect. Fee reductions may take place immediately without notice.

The information in the table above can be used to compare costs between different simple managed investment schemes. Fees and costs can be paid directly from your account or deducted from investment returns.

Example of annual fees and costs table

This table gives an example of how the fees and costs for the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 ON THE LAST DAY OF THE YEAR
Contribution Fees	0%	For every \$5,000 you will be charged \$0.
PLUS Management Costs (includes management fees, administrative costs, and an estimate for performance fees)	1.69% (consisting of 0.29% administration expenses plus 1.4% management fee) plus performance fees of 18.64% of out-performance of the ASX300 Accumulation Index for the twelve-month period ending 30 June	For every \$50,000 you have in the Fund you will be charged \$845 each year. (This assumes there have been no extraordinary expenses incurred in the operation of the Fund.) and Assuming benchmark performance of 10% and Fund performance of 15%, for every \$50,000 you have in the Fund you will be charged performance fees of \$466.00. Giving total management costs of \$1,311.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 on the last day of that year, you would be charged fees of \$1,311*. What it costs you will depend on the performance of the Fund, the performance of the benchmark, the timing of any additional investment, whether the fund incurs any extraordinary expenses, and the fees you negotiate with your financial adviser.

* Additional fees may apply

Buy-sell spread

This is an amount charged upon entry to and exit from the Fund, to cover the notional cost of buying and selling the underlying investments. The daily unit price is increased by 0.35% to calculate the entry unit price and decreased by 0.35% to calculate the exit unit price. No part of this amount is paid to Ganes.

Extraordinary expenses

Ganes reserves the right to be fully reimbursed by the Fund for any extraordinary expenses incurred in the operation of the Fund. These are expenses that are not recurring or routine in nature and are therefore not anticipated in the administration expenses fee.

How and when fees are paid

- The **contribution fee**, if charged in the future, is deducted from the initial investment and paid to Ganes, a third party, or into the Fund.
- The **withdrawal fee**, if charged in the future, is deducted from the amount withdrawn. The fee is not paid to Ganes but remains in the Fund for the benefit of remaining investors.
- A provision for **administration expenses** is made and reflected in the unit price each day. Ganes is reimbursed at the end of each month, for the provision made during the month.
- The **management fee** is calculated daily on the net asset value of the Fund and payable within five business days from the end of each month. The management fee is reflected in the unit price each day. Up to 0.47% of the management fee may be rebated to Class W unitholders or paid as commission to the licensed adviser of Class R unitholders.
- The **performance fee** is calculated daily and paid directly from the Fund at the end of each twelve month period ending 30 June. Any overall positive performance fees are reflected in the unit price each day. A high water mark applies such that any cumulative under-performance in prior periods must be made up before a performance fee is paid.

7. How managed investment schemes are taxed

Investing in a registered managed investment scheme is likely to have tax consequences. Registered managed investment schemes do not pay tax on behalf of members, who are assessed for tax on income and capital gains generated by the scheme. Tax matters for registered managed investment schemes can be complicated, so we urge you to seek professional tax advice in relation to buying units in the Fund.

Tax status of the Fund

A fund does not pay Australian income tax provided that it distributes all its net income. As Ganes intends to distribute all the net income of the Fund in each financial year, no Australian income tax should be payable by the Fund.

Tax on distributions

It is likely that most, if not all, of the distributions made from the Fund will be characterised as assessable income for the relevant year for an investor. However, it is possible that distributions may be made up of a number of different components for taxation purposes and each of these components may be treated differently.

Following the end of each financial year, Ganes will send each unitholder an annual tax statement detailing the amount of distribution that should be disclosed as assessable income, and the type of income. The statement will also detail any franking credits, non-assessable income, or foreign tax credits received by the Fund for that financial year. Distributions should generally be included as part of an investor's assessable income in the year in which the entitlement arises.

This assessable income includes distributions that an investor is entitled to but has not yet received. Imputation credits (including, where applicable, foreign tax credits) may help to offset the tax payable by the unitholder with respect to this income (see below). The taxation treatment of distributions will depend upon each unitholder's individual circumstances, and unitholders therefore should consult their taxation adviser.

Capital gains tax

Investors will be notified on their distribution statements of any taxable realised capital gain derived by the Fund.

Non-resident investors

Investors who provide an address outside of Australia are treated as non-residents and distributions may be subject to the relevant withholding tax provisions of the Australian income tax laws. Non-resident investors should seek their own independent taxation advice regarding both the taxation implications in their local jurisdiction, as well as the taxation implications in Australia. Australian tax may

be withheld from distributions paid to non-residents where these distributions consist of income and capital gains sourced in Australia.

Tax payable when units are redeemed or transferred

If a unitholder redeems or transfers units, the transaction is treated as a disposal of units for taxation purposes and the unitholder may be liable for tax on any gains. Under the capital gains tax provisions of the Australian tax legislation, individuals and trusts that hold units for more than 12 months receive a 50% discount on the amount of the capital gain. Complying superannuation entities that hold units for longer than 12 months may receive a 33.3% discount on the amount of the capital gain. Individuals, trusts and superannuation funds that do not hold units for greater than 12 months do not receive the general discount on capital gains. The taxation treatment of capital gains depends on an Investor's individual circumstances and Investors should therefore consult their taxation advisers.

GST

The imposition of the GST means that the Fund will be liable to pay an additional 10% on most goods and services supplied to it, however, the Fund will only be able to recover reduced input tax credits (RITC) on certain transactions. GST will not be payable on the issue of units acquired or the sale of units, or distributions made by the Fund to unitholders.

Imputation credits

The dividend imputation system gives Investors a credit for any tax already paid by an entity. This system means that distributions from the Fund, where the Fund has received franked dividends in the respective period, will carry a tax credit that will be passed on to investors together with their income distributions.

Foreign tax credits

An investor's distribution may include foreign sourced income. Where foreign tax has been paid by the Fund in respect of this income, the Fund will generally pass on to investors the benefit of the foreign tax credit for the investor to offset against the Australian tax payable on their foreign income.

Tax file numbers

Investors are not obliged to quote their tax file numbers ("TFN"), but if the TFN or exemption details are not supplied, Ganes is required to withhold tax from income distributions at the highest marginal tax rate plus the Medicare levy. Investors can choose not to quote their TFN or claim an exemption. Declining to quote a TFN is not an offence. Ganes is authorised to collect TFNs under tax law. For more information about TFNs, investors should seek professional advice.

8. How to apply

After reading this PDS, you can apply by completing the application form which can be found at www.ganescapital.com or can be provided directly to you on request. You will also need to provide Ganes with additional supporting documentation if you are not an existing unitholder (including documents required by us to satisfy our Anti-Money Laundering and Counter-Terrorism Financing obligations). Applications must also be accompanied by a cheque payable to '**Invia Custodian Pty Ltd ACF The Ganes Focused Value Fund**', or funds need to be deposited in the following account: BSB: **083 973** Account: **00059 9790**.

Applications may be made at any time, although applications are only processed at the end of each week, with units allotted at the entry price prevailing on the Saturday at the end of each week. We will subsequently send you an investment notification statement. Applications are only accepted when Ganes has received all relevant documents and has received payment for the units. Ganes may reject part or all of any application without providing a reason.

Investors may request to be issued with Class W units. Ganes may, at its absolute discretion, approve this request and issue the applicant with Class W units. All other unitholders will be issued Class R units.

Cooling off

You have the right to a 14-day cooling off period on any investment you make in the Fund. The cooling off period will commence upon the earlier of the receipt of the investment confirmation statement by you, or 5 days after the investment confirmation statement is mailed to you. If you notify Ganes of your desire to exercise their rights under this provision and notice is given prior to the expiry of the 14-day period, then Ganes will refund the investment, adjusted for reasonable transaction and administration costs and any changes in the value of issued units. Units issued as part of a distribution reinvestment plan are not subject to the cooling off provisions.

Unitholder satisfaction

We take complaints seriously. In the event that a unitholder is dissatisfied with Ganes or the Fund, they should contact Ganes' Compliance Officer on 1300 766 916 and outline the nature of the complaint. Alternatively, complaints can be faxed to 1300 766 917 or lodged in writing to the address on the cover of this PDS. Ganes will acknowledge and review all complaints in a timely manner and will investigate, consider, and decide the appropriate course of action regarding the complaint.

Ganes is a member of the Financial Ombudsman Service (FOS) (member number 12098). A unitholder has the right to contact FOS directly in relation to a complaint if it has not been resolved within 45 days. FOS can be contacted via phone on **1300 780 808** and via post at **GPO Box 3, Melbourne VIC 3001**.

Indirect investors should consult with their master trust or wrap service provider about any right to cooling off provisions, which may differ from those applying to investors who purchase units in the Fund directly.

9. Additional information about the Fund

Redemptions

Units are redeemed on a monthly basis, so long as the fund is liquid. Unitholders must apply in writing to redeem their units. A complete and accurate redemption request must be received by us no later than five business days prior to the end of the month to have units redeemed using the month end unit exit price, otherwise they will be redeemed in the following month.

Transferring units from one class to another

Existing unitholders can request to have their units transferred from one class to another. Ganes may also, at its discretion, transfer a unitholder from one class to another, and subsequently notify the unitholder that it has done so.

Privacy

Ganes values unitholder privacy and is committed to protecting your personal details. We only collect information that is required for performing functions in respect of operating the Fund. By making an investment in the Fund you consent to providing your information to external individuals and organisations where that disclosure is required for the proper functioning of the Fund.