

GANES FOCUSED VALUE FUND – JUNE 2013

Unit Prices*

	30.06.13	30.06.12	30.06.11	30.06.10	30.06.09	30.06.08	30.06.07	30.06.06	30.06.05
Entry Price (\$)	\$2.4721	\$2.0377	\$2.0438	\$1.8024	\$1.5322	\$1.8130	\$2.6617	\$2.0250	\$1.5889
Unit Price (\$)	\$2.4635	\$2.0306	\$2.0366	\$1.7961	\$1.5268	\$1.8067	\$2.6525	\$2.0179	\$1.5833
Exit Price (\$)	\$2.4549	\$2.0235	\$2.0295	\$1.7898	\$1.5215	\$1.8003	\$2.6432	\$2.0108	\$1.5778
Distribution (cents per unit)	4.5014	4.8340	6.7378	5.8396	6.6702	11.6800	18.1078	15.3199	9.5934

* 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	2.4%	-2.8%	5.2%
6 months	10.3%	5.0%	5.3%
1 Year	23.7%	21.9%	1.8%
2 Years (p.a. compound)	12.9%	6.5%	6.4%
3 Years (p.a. compound)	14.5%	8.3%	6.2%
5 Years (p.a. compound)	9.9%	2.7%	7.2%
7 Years (p.a. compound)	7.7%	3.5%	4.2%
10 Years (p.a. compound)	13.2%	9.3%	3.9%
Value of \$10,000 invested at inception (14/10/2002)	\$38,529	\$25,593	

Portfolio Allocation

Top ten	43.1%
Other shares	11.2%
Cash	45.7%

Largest Five Holdings

Flight Centre (FLT)
Austbrokers (AUB)
Woolworths (WOW)
ARB Corporation (ARP)
Spark Infrastructure (SKI)

* 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 2013 financial year has produced its best year for investors since prior to the GFC, notwithstanding recent market falls. Strong markets and a weaker outlook for company earnings have meant our cash levels have continued to rise to record levels within the fund. Unitholders should not interpret our cash position as a market prediction, rather it reflects the lack of opportunities existing within our preferred investment universe of high quality businesses selling at attractive prices. Experience has taught us that at times when opportunities are scarce patience is the best skill to possess, and we are honing our skills in this area while we continue to scan the market rather than venturing into areas we do not understand.

Financial Year	Ganes Return	ASX300 Return	Difference
2004	33.2%	21.7%	11.5%
2005	15.5%	26.0%	-10.5%
2006	34.8%	24.0%	10.8%
2007	45.0%	29.2%	15.8%
2008	-27.6%	-13.7%	-13.9%
2009	-14.1%	-20.3%	6.2%
2010	24.5%	13.1%	11.4%
2011	17.8%	11.9%	5.9%
2012	2.9%	-7.0%	9.9%
2013	23.7%	21.9%	1.8%

In the table to the left we provide our last 10 years of performance on an annual basis. We have outperformed the market in 8 of the past 10 years and have only produced a negative return in two of those years. While a single year is not representative of longer term performance, and we can not forecast future returns, we are confident that these returns demonstrate that our investment strategy, and just as importantly execution of that strategy, is integral in outperforming markets over the longer term.

Our 3.9% outperformance over 10 years means that an investment in the fund is worth around 50% more than a similar investment in the index over the same time frame – small compounding returns provide large benefits to investors over long time horizons.

As we have done in the June Fund update in prior years the table below shows the largest ten holdings in the portfolio one year ago. These companies represented 45.4% of the portfolio at June 2012 and therefore have a high impact on the performance of the portfolio in the 2013 financial year. Eight of the ten investments produced returns greater than the market for the year, with only Coca Cola Amatil and Cabcharge (since exited) producing negative returns.

Top 10 stocks as at June 2012

	% of portfolio (June 2012)	Total Return FY13
ARB	10.2%	28.2%
Flight Centre	5.1%	113.9%
Austbrokers	5.0%	61.7%
Woolworths	5.0%	27.2%
Spark Infrastructure	4.3%	21.0%
Coca Cola Amatil	4.3%	-0.6%
McMillan Shakespeare	4.0%	41.0%
Computershare	2.6%	42.4%
Cabcharge	2.5%	-12.2%
Sonic Healthcare	2.5%	21.3%

Flight Centre has enjoyed a stellar year reporting record profits and has recently upgraded profit guidance for 2013. The share price increase is reflective of the market seeking companies reporting strong earnings and an illustration of why investment opportunities have become harder for us to find.

ARB has long been our largest holding but with the share price rising strongly and our concerns about how much impact a slowing resources sector will have on earnings we have trimmed the holding to 4.5% of the fund.

The fund will pay a distribution of 1.6835c per unit for the June half-year and unitholders will receive their Distribution statement and tax statements with this update.

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.