

MAY 2019 MONTHLY REPORT

Market Returns and Portfolio Performance

The Australian All Ordinaries Index produced a return of +1.7% during May, in stark contrast to the US and international markets which experienced mid-single digit negative returns with trade tensions between the US and its major trading partners the most popular explanation. The local market defied global sentiment following a surprise federal election victory from the Liberal National Party Coalition on the 18th May. This served to lift large cap stocks which had been dragged down by the prospect of the withdrawal of franking credit refunds to self-funded retirees under a Labor government, and broader uncertainty about where the economy would be headed under their stewardship. Small cap stocks significantly under-performed during May falling a little over 1%.

Performance 31-May-2019	Ganes Value Growth Fund	All Ord Index
1 month	1.0%	1.7%
3 months	5.8%	5.0%
6 months	4.6%	15.3%
12 months	-1.0%	10.5%
2 years p.a.	11.8%	10.7%
3 years p.a.	10.0%	10.5%
5 years p.a.	8.6%	8.0%
10 years p.a.	12.0%	10.1%
Since Inception (p.a.)*	8.1%	7.1%
NAV Mid Unit Price (\$)	\$1.6684	
Fund Assets (\$ million)	\$19.17	

*Inception date of Fund is 18/11/2005

The Fund managed a +1.0% return in May with the strongest positive contributions coming from Beacon Lighting, Cochlear and PWR Holdings. May is typically a quiet time of the year for company news and there were no announcements from these companies to explain the positive share price movements. The smallest position in the portfolio, Dicker Data, rose 21% during the month after reporting strong quarter 1 results with revenue up 21% and pre-tax profit up 47% over the prior corresponding period.

The largest negative contributors to the Fund performance during the month came from AUB Group, Steadfast and MFF Capital. While insurance broker Steadfast confirmed prior full year guidance at the Macquarie conference, there was no news from fellow broker AUB Group. However, subsequent to the end of May AUB group provided the market with a trading update indicating that full year profit growth was now expected to be between 3 and 5 percent, below the 7-12% guidance previously provided. The under-performance appears to be limited to the Risk Services part of the business. In other news, utilities software provider Gentrack reported a subdued half year result but still expects full year EBITDA to be a little ahead of the prior year.

There were no additions to the portfolio during the month and several holdings were trimmed to meet the liquidity requirements of the Fund.

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