

JULY 2019 MONTHLY REPORT

Market Returns and Portfolio Performance

The Australian market continued its strong run into the new financial year with another 3.0% rise in July. This marks a 25% return since the start of the year and 12.9% for the past year for the All Ordinaries Index. Defensive stocks led the rise during the month as news headlines continue to be dominated by the tariff war between China and the US. With this recent rise, the Australian market is now one of the best performing markets over the past year.

The Fund out-performed its benchmark in July with a return of 3.4%, however over the past year performance still trails the overall market by 12%. Over longer timeframes such as 5 years and 10 years, the fund continues to outperform the broader market.

Contributors to fund performance during the month

included AUB Group which rose 14% and MFF Capital which rose 7.2%. MFF reported its full year results on the last day of the month and while the financial results themselves are somewhat meaningless because the NTA is known, we take note of the commentary surrounding the portfolio.

This year that commentary was cautious around short term pricing fluctuations while maintaining a positive long term view. Quoting from the Annual Report: "Whilst we consider that year end prices for MFF's portfolio are not at nose bleed levels having regard to medium term prospects... our expectations for future medium term returns are lower". MFF Capital remains a core holding of the fund.

On the negative side Gentrack was down 15% for the month as it announced a profit downgrade in the last week of the month due to delays in customer projects and contracts, and bad debt risks in the UK. This was disappointing given the company had only given guidance in May at its half year results. Adelaide Brighton also released a profit downgrade which included the news that the interim dividend will not be paid this year to conserve capital. Adelaide Brighton is a minor holding but its price fell 12% on the back of the news.

Reporting season commences in earnest in August and usually represents the busiest month of the year for the fund. We will be looking closely at the results at the various companies in which the Fund has a holding, as well as looking wider for potential new additions to the Fund.

Performance 31-July-2019	Ganes Value Growth Fund	All Ord Index
1 month	3.4%	3.0%
3 months	4.2%	8.3%
6 months	10.5%	18.6%
12 months	0.9%	12.9%
2 years p.a.	12.8%	13.9%
3 years p.a.	11.1%	11.4%
5 years p.a.	9.4%	8.7%
10 years p.a.	11.5%	9.5%
Since Inception (p.a.)*	8.3%	7.5%
NAV Mid Unit Price (\$)	\$1.5662	
Fund Assets (\$ million)	\$14.82	

*Inception date of Fund is 18/11/2005

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