

December 2012

		Fund			S&P500 Index	
		<i>Performance</i>	<i>Inception to Date</i>		<i>Performance</i>	<i>Inception to Date</i>
2005		+14.01%	+14.01%		+4.78%	+4.78%
2006		+16.91%	+33.29%		+13.62%	+19.05%
2007		+4.06%	+38.70%		+3.53%	+23.25%
2008		-47.99%	-27.86%		-38.49%	-24.18%
2009		+42.74%	+2.97%		+23.45%	-6.40%
2010		+24.94%	+28.65%		+12.78%	+5.57%
2011		+1.79%	+30.96%		0.00%	+5.56%
	<i>MTD</i>	<i>YTD</i>		<i>MTD</i>	<i>YTD</i>	
Jan 2012	+8.46%	+8.46%	+42.04%	+4.36%	+4.36%	+10.16%
Feb 2012	+4.00%	+12.80%	+47.72%	+4.06%	+8.59%	+14.63%
Mar 2012	+2.46%	+15.57%	+51.35%	+3.13%	+12.00%	+18.23%
Apr 2012	+0.29%	+15.91%	+51.80%	-0.75%	+11.16%	+17.34%
May 2012	-5.87%	+9.10%	+42.88%	-6.26%	+4.20%	+9.99%
Jun 2012	+6.28%	+15.94%	+51.84%	+3.96%	+8.31%	+14.34%
Jul 2012	-0.52%	+15.34%	+51.05%	+1.26%	+9.68%	+15.78%
Aug 2012	+2.42%	+18.13%	+54.70%	+1.98%	+11.85%	+18.07%
Sep 2012	+3.63%	+22.42%	+60.32%	+2.42%	+14.56%	+20.93%
Oct 2012	+0.04%	+22.47%	+60.38%	-1.98%	+12.29%	+18.54%
Nov 2012	+0.74%	+23.37%	+61.56%	+0.28%	+12.61%	+18.87%
Dec 2012	+0.65%	+24.17%	+62.61%	+0.71%	+13.41%	+19.71%

In December the Fund rose by 0.65%, while the S&P500 rose by 0.71%. We kept up, as a benign change in the S&P500 numbers masked a significant reversion to the mean amongst individual stocks and sectors. The most striking way to notice this is that the only index down, of the ten

indices we follow, was the NASDAQ100, which fell 1.02%, and brought its annual gain down to +16.68%; yet this index had been the pacemaker all year and this reversion still leaves it in first place.

A Biblical form of justice, whereby the strong get weaker and the poor stock is lifted up, often happens in December and is not in our favour because we tend to have stronger stocks to get hurt. I did wriggle by using a black box trick of buying some of the worst performers in the S&P of the last three years. Last month our available cash went on Alpha Natural Resources, First Solar and Devry and although we made an average gain of 30%, it equated to just 20 basis points as we were playing with less than 1%. This might seem cautious but I think 1% is quite enough to put into gas, solar and education.

The year shows an overall performance remarkably similar to 2010 as in both years we gained about 24%, while the S&P500 gained about 13%. This year the index changes ranged from +7.22% for the Dow Jones, while nearly all the rest came in at +13 or +14% with remarkable uniformity after the December inversion. We can say nothing about relative strength between big and small or value and growth as they have all been similar, although value and small keeping up is an improvement on 2011 and helps us.

We start 2013 with a conviction that at this stage of the economic cycle, value and small stocks should take up the running, and are positioned accordingly.

Risk Warnings and Other Important Information

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The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITSIII).

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