

February 2014

		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%
2012		+24.17%	+62.61%		+13.41%	+19.71%
2013		+42.96%	+132.46%		+29.60%	+55.15%
	<i>MTD</i>	<i>YTD</i>		<i>MTD</i>	<i>YTD</i>	
Jan 2014	-4.39%	-4.39%	+122.26%	-3.56%	-3.56%	+49.63%
Feb 2014	+1.05%	-3.39%	+124.60%	+4.31%	+0.60%	+56.08%

In February, the Fund rose by 1.05%, while the S&P500 rose by 4.31%. We were becalmed, as the market recovered to close at a new high.

Our stocks are gently trending upwards, but with low volumes and low volatility. In effect, we are not in the game. We are slowly recovering from the January correction and very few of our stocks have broken out to new highs. Overall the portfolio looks safe but uninspiring. Why should this be, when the same collection was on fire last year?

There are two parts to our move out of the limelight. Firstly, our overall bias to the small and cyclical left us undesired when the cold US winter brought in some statistics questioning the recovery. Our small banks, in particular, made little progress on the month and remain

below December highs. Our small industrial stocks were also generally disinterested in the rally. Secondly, as inflation goes lower and P/Es stay high, the premium for maximum growth gets higher and the NASDAQ Index was indeed the strongest this month. The valuations there are out of our reach.

We have now managed our worst relative start to the year ever, yet I don't feel impelled to make changes. I hope this is not obstinacy as I do see myself as flexible and greedy. I am anticipating that the very small and ignored in our portfolio still have some rebound to come through a lag effect. I also think we deserve a rotation our way. We've got through earnings season, so that's not the issue. I have a suspicion tech is too hot as I keep reading about The Singularity (when artificial intelligence takes over) which has happened before in hot times. However, I know I need to pay serious attention, and intend to visit my technology counsellor if things don't change soon.

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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