

January 2013

		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%
	<i>MTD</i>	<i>YTD</i>		<i>MTD</i>	<i>YTD</i>	
Jan 2013	+5.52%	+5.52%	+71.58%	+5.04%	+5.04%	+25.75%

In January the Fund rose by 5.52%, while the S&P500 rose by 5.04%. We kept up as an across the board surge swamped the January effect so that big stocks and small stocks rose similarly and the only laggard index was the NASDAQ100, dominated by technology. The nuanced trend was within, rather than between, groups, whereby weaker stocks tended to do better. This wasn't as extreme as a 'dash for trash' but we were certainly held up by our largest holdings which are low debt or debt-free and they all underperformed, rising only a couple of percent on the month. This phenomenon was throughout the market.

Stocks that have started this year with a burst of energy have tended to be recovering stocks where news has come out. The mood in the market seems naïve, even childlike, as stories have been catalysts for big moves. It is as if a page has turned and a new generation of investors is looking at things afresh and yet this new generation is not following the smaller news items. For instance, with many of our stocks reporting, I have been surprised that some have neither attracted buyers nor sellers whether their earnings have been good or bad, and this is unusual. The implication is an older generation has hung up its boots and we are in a new phase. There is clearly interest, but it is as though there are fewer participants exhibiting faith rather than fever.

My expectation that value will take up the running soon shows no signs of being borne out yet, but it feels more comfortable being there. It also feels dangerous to pursue a momentum-based strategy. Given that momentum works, I like it and it works well for us, this is a rare moment of the Fund not using it.

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

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