**March 2013**

| | | Fund | | | S&P500 Index | |
|---|---|---|---|---|---|---|
| | | *Performance* | *Inception to Date* | | *Performance* | *Inception to Date* |
| **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%** |
| | *MTD* | *YTD* | | *MTD* | *YTD* | |
| **Jan 2013** | **+5.52%** | **+5.52%** | **+71.58%** | **+5.04%** | **+5.04%** | **+25.75%** |
| **Feb 2013** | **+3.32%** | **+9.03%** | **+77.28%** | **+1.11%** | **+6.20%** | **+27.14%** |
| **Mar 2013** | **+5.55%** | **+15.08%** | **+87.12%** | **+3.60%** | **+10.03%** | **+31.72%** |

In March the Fund rose by 5.55% while the S&P500 rose by 3.60%. The Fund again had a good month, continuing to beat all eight American indices we follow, which were once more tightly ranged between +2.69% for the NYSE and +4.59% for the Mid-Cap. While we are light in weaker sectors such as energy, commodities and technology, we are also light in the strongest sectors which were healthcare and utilities, so attribution is stock specific. Curiously, the stocks in question have been friends for years and been in and out of the portfolio since inception. For instance, Carriage Services (CSV, 3.1% holding), DXP Enterprises (DXPE, 3.2%), Marine Products (MPX, 3.3%) and Monarch Financial (MNRK, 4.7%) have all taken off this year, gaining between 27 and 77% each.  All were known to the portfolio by 2007.

The only major decision we have made this year is to bring Monarch up from 1%, where it's been forever, towards 5%, based on ancient wisdom of my revered former manager at Merrill Lynch. He explained to me the greatest lie in American business is 'I'm from New York and I'm here to help you'. From that I deduced the help given to community banks with the Treasury Assets Relief Program by the man from Washington would have nearly driven them out of business. I noticed the convertible preferred stock Monarch had to issue to satisfy the TARP in 2009 had become callable and, indeed, having never needed it, they were well able to pay it back. The strength of the stock had left the convertible preferreds at a discount and so over two months we bought every day, all we possibly could, of this tiny issue. We have now been called and converted and await the anti-dilutive effect on earnings per share of no longer paying the preferred dividend. This may not have an immediate impact on the stock as earnings estimates cannot be raised as analysts don't follow it.

The S&P closed the month and the quarter at 1569.19, a new closing high for the first time since its close on October 9th 2007. It is now 1% clear of the intra-day high on 24th March 2000, and just seven points short of the intra-day high of October 11th 2007. It remains remarkable that, even now, little progress has been made in 13 years, but this market is strong and the American economic recovery is giving the unusual combination of a strong dollar with a strong stock market. Consequently in sterling terms, we finished the first quarter up 23.38%, our best start to a year.