

December 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%
Mar 2014	+2.10%	-1.36%	+129.31%	+0.69%	+1.30%	+57.16%
Apr 2014	-2.73%	-4.05%	+123.05%	+0.62%	+1.93%	+58.14%
May 2014	-1.49%	-5.48%	+119.73%	+2.10%	+4.07%	+61.46%
June 2014	+3.07%	-2.58%	+126.47%	+1.91%	+6.05%	+64.54%
July 2014	-4.37%	-6.83%	+116.58%	-1.51%	+4.45%	+62.06%
Aug 2014	+3.28%	-3.77%	+123.68%	+3.77%	+8.39%	+68.16%
Sep 2014	-2.90%	-6.56%	+117.21%	-1.55%	+6.70%	+65.55%
Oct 2014	+7.86%	+0.78%	+134.28%	+2.32%	+9.18%	+69.39%
Nov 2014	-1.31%	-0.54%	+131.20%	+2.45%	+11.86%	+73.55%
Dec 2014	+4.49%	+3.92%	+141.59%	-0.42%	+11.39%	+72.82%

In December, the Fund rose by 4.49%, while the S&P500 fell by 0.42%. For the whole of 2014, the Fund rose by 3.92%, closing the year, like last year, at a new high. The performance in December beat all indices and meant that, for the full year, we were slightly ahead of the 3.53% gain of the Russell 2000. In sterling terms, the Fund gained 11.19% in 2014, again from a previous high at the end of last year.

When a year is going badly, as 2014 did from the very first day, I can usually find a wangle that keeps us in the game. It is like losing at tennis, when a good fluked hit off the frame can induce such a sense of fury and injustice at the other end so as to turn the whole match around. This year, I soon knew we were beyond a wangle but we did get one, in Handy & Harman, that made December. In August, with the stock at \$22.5, they self-tendered for 19% of the outstanding at \$24, then raised it to \$26 a week later. We would normally have grabbed this free money, especially as the debt was already high, but the decision by the controlling shareholder not to participate gave me pause. With the stock now heavily indebted back at \$24.5 in mid-September, there was angst, but in December they sold their Arlon division well, a surprise which virtually wiped out all debt and the stock soared into the \$40s.

The 56% shareholder had effectively increased his stake by doing nothing, and as for us, we have a new largest position for the first time in three years, as Handy & Harman became 7.5% of the portfolio, taking MWI Vets off the top and adding 1.5% to the Fund's value in December. We've had the stock for over four years and, off and on, when public, I've followed it forever, but here's the wangle: always doubt a self-tender with a majority shareholder – it comes up about once every thirty years or so!

Overall we need the US economy to continue to grow for the focus to return to small caps in 2015. This doesn't seem impossible but we'll concentrate on the financially strong anyway.

Risk Warnings and Other Important Information

This document is issued by De Lisle Partners LLP, registered in England No.OC310994, authorised and regulated by the Financial Conduct Authority. The registered office of Valu-Trac Investment Management Ltd is Suite 150-153, 2nd Floor Temple Chambers, Temple Avenue, London, EC4Y 0DA, Head Office at Mains of Orton, Orton, Fochabers, Moray, Scotland IV32 7QE.

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

This document should not be construed as investment advice or an offer to invest in the Fund. Nor should its content be interpreted as investment or tax advice for which you should consult your independent financial adviser and/or accountant. The information and opinion it contains have been compiled or arrived at from sources believed to be reliable at the time and are given in good faith, but no representation is made as to their accuracy, completeness or correctness. Any opinion expressed in this document represents the views of De Lisle Partners at the time of preparation, but is subject to change. For professional use only.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Past performance should not be viewed as a guide to future performance. Please read the Prospectus before making an investment.

