

January 2019

		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%
2014		+3.92%	+141.59%		+11.39%	+72.82%
2015		-2.10%	+136.51%		-0.73%	+71.56%
2016		+31.95%	+212.07%		+9.54%	+87.93%

	<i>MTD</i>	<i>YTD</i>	<i>ITD</i>	<i>MTD</i>	<i>YTD</i>	<i>ITD</i>
2017		+13.43%	+254.00%		+19.42%	+124.42%
2018		-20.44%	+181.65%		-6.24%	+110.42%
Jan 2019	+9.12%	+9.12%	+207.34%	+7.87%	+7.87%	+126.98%

In January the S&P500 rose by 7.87% and the Fund rose by 9.12% in a welcome bounce, yet still lagging our hopes. The month was a reversal of December: those that fell, rallied, and those that fell less, rose less. The fall had been triggered by fear of the Fed and the rally was relief after the Fed said they were listening.

The reversal is as yet incomplete. It is now accepted that worldwide economic weakness and high debt levels mean that many interest rate rises will have a bad effect. It is also now accepted that this won't happen. However, the snap back hasn't snapped enough for us to fully recover. This applies to all sectors and no new leadership group has come forward. Our smaller stocks are lagging because that is what they do and in this respect, we have some hope of a further follow through this month.

We have responded and are switching from some which have bounced into some which are still warming up. In particular, and after another good earnings season in the fourth quarter, our smaller banks are now on 10x trailing earnings, growing earnings at 10%, with current net interest margins above 3.5% and at a price to tangible book of less than 1.5.

The portfolio is cheap based on historic earnings. December lows discounted some gentle recession and those fears can always resurface. However, the Christmas Eve 2018 low valuations would now provide a strong level of support, both fundamentally and technically, if fears return.

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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