

June 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% |

In June, the Fund rose by 3.07%, while the S&P500 rose by 1.91%. This month we started to go two steps forward and one back, which is better than our recent results of one forward and two back. Small caps were generally strong so we didn't distinguish ourselves but at least a few more of our stocks broke through to new highs so the ceiling which has been holding most of the portfolio since last autumn is looking less daunting.

Nevertheless the backwards steps remain surprising. Up goes RG Barry at the start of the month as they say they've received higher offers than the \$20 cash from Mill Road. Back we go, three weeks later, as they say that none of the higher offers has credibility. This is unusual. Have low interest rates got everyone straining to capture something? Should we warily hide in strong balance sheets?

At our end of the woods it remains hard to run off with an easy win, and our advances are ground out amid continued disinterest. There is, however, the occasional pop, as though someone had just discovered one of our stocks and had to immediately and passionately own it. Most of these pops are reversed the next day. As I look at the list of our stocks which have broken out to all-time highs this month - Handy & Harman, Gorman-Rupp, World Fuel Services, Genesee & Wyoming - I search for a common thread, no matter how obscure, like a cryptic crossword puzzler. Neither capital structure, industry group nor fund ownership give a clue to the enthusiasm. Tax breaks, family ownership, sales per share and Buffet's Moat are all there but never jointly in any case. And then I concluded: their only connectivity in these backwaters is that no one knows what they do.

This month's GNP report of -2.9% annualised answers a lot: the strength in bonds, performance of defensives and our under-performance this year as we are in consumer discretionary. I think the GNP is weather-related, and the slow recovery comes back as the life in these stocks suggests.

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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