

March 2018

		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	-2.99%	+13.43%	+254.00%	+0.98%	+19.42%	+124.42%
Jan 2018	+0.09%	+0.09%	+254.32%	+5.62%	+5.62%	+137.03%
Feb 2018	-3.81%	-3.72%	+240.81%	-3.89%	+1.50%	+127.80%
Mar 2018	+1.82%	-1.97%	+247.02%	-2.69%	-1.22%	+121.67%

In March, the Fund rose by 1.82% and the S&P500 fell by 2.69% as the biggest did worst and the smallest did best in a steady continuum of relative performance most favouring, well, us. This result has brought the scoreboard at the end of the first quarter to everyone being down a bit, but the journey was asynchronous throughout.

The catalyst for this levelling process was another crisis of confidence in large tech which has left them shaky yet still eager to bounce and the outperforming group over anything longer than two months. For ourselves, we were surging early in the month and gave some back as the market cracked in the second half. We are a fund with a 1% weighting in tech versus 26% for the S&P500, a position which has become more extreme as tech has recently advanced to its highest weighting since 2000. We can view our 1% as the worst hedge ever made or a welcome relief when confidence wavers.

It's not all quietness and calm in our markets, however. A few of our banks continue their erosion and it was disappointing to see our largest holding, Towne, make a new 52 week low. We are in at \$8 (through acquired Monarch Bank), they reached \$35, and they're back to \$28. This happened even as our long-term hopes of Monarch Bank executives advancing from within are being realised with the former Monarch CEO now joint CEO of Towne. I have responded in an inflexible way by buying more Towne during March.

Elsewhere, some of our stocks are breaking out and some are drifting. This is stock-specific and without general trend. Good earnings are over-rewarded and the financially strong are a bit better as overall volatility has increased. With nerves frayed in tech, it will be difficult for them to regain their sang-froid and previous large risk premium. Our portfolio is much less volatile than the market this year because we were ignored when the market went up and then did not get hit in the selling. The new volatility is over-remarked because it is in the biggest stocks, big swings in the Dow Jones are just waves on the surface. No sectors have moved enough for us to change weightings.

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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