

May 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%

In May, the Fund fell by 1.49%, while the S&P500 rose by 2.10%, in another month of under-performance. Since May 22nd 2013, when emerging markets peaked, there have been rolling corrections going through asset classes with profits and in 2014 we have been perfectly badly positioned. We have consumer durables and industrials, which require continued slow growth. Our particular crime is to have been in the best sectors of 2013 and my specific mistake is in failing to anticipate the winter slowdown in US home sales, so our biggest drag has been our community banks.

Despite the awfulness of the month, we had the first signs we are coming to the end of our period on the time-out step, because some individual stocks broke to new highs, in a breach of the pattern since last autumn. For instance, Murphy USA, the dominant chain of gas and convenience stores in other people's car parks, went 10% past the December high for no particular reason; and new holding Rite Aid continues to power ahead.

Since the end of last year perfectly good news leaves the smaller stocks flatlining at the high, but any imperfection sees them fall like one of the ten green bottles. In our worst bottle smash for years, DXP Enterprises fell from \$110 to \$69 on an earnings miss and cost the Fund 1.3% in the month. We're in from \$28, in 2011, and six insiders have bought since the fall, so our response is stoic acceptance. This period of guessing what else might fall is debilitating but at least there is some evolution in the pattern of our vulnerability.

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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