April 2011

		Fund			S&P500	
	MTD	*YTD*	*Inception to date*	*MTD*	*YTD*	*Inception to date*
Dec 2005		**+14.01%**	**+14.01%**		**+4.78%**	**+4.78%**
Dec 2006		**+16.91%**	**+33.29%**		**+13.62%**	**+19.05%**
Dec 2007		**+4.06%**	**+38.70%**		**+3.53%**	**+23.25%**
Dec 2008		**-47.99%**	**-27.86%**		**-38.49%**	**-24.18%**
Dec 2009		**+42.74%**	**+2.97%**		**+23.45%**	**-6.40%**
Dec 2010		**+24.94%**	**+28.65%**		**+12.78%**	**+5.57%**
Jan 2011	**+1.84%**	**+1.84%**	**+31.02%**	**+2.26%**	**+2.26%**	**+7.96%**
Feb 2011	**+3.93%**	**+5.85%**	**+36.17%**	**+3.20%**	**+5.53%**	**+11.41%**
Mar 2011	**+6.77%**	**+13.01%**	**+45.38%**	**-0.10%**	**+5.42%**	**+11.29%**
Apr 2011	**+1.11%**	**+14.26%**	**+46.99%**	**+2.85%**	**+8.43%**	**+14.46%**

In April the Fund was up 1.11% while the S&P500 was up 2.85%. Every time we have had a strong month we have pulled back the next and April has been no exception. Is this a reversion to the mean or a failure to anticipate? Market vulnerability was in small stocks and, in sectors, materials and energy were the worst, while consumer staples and healthcare were the best, thus leaving us perfectly badly positioned.

There was ongoing dollar weakness and little change in the interest rate background, so there was no compelling reason to switch from our industrials which are the prime beneficiary of this scenario. However, a rotation into the previously unloved sectors arrived anyway but it is hard to aggressively disrupt a portfolio that's working when it seems the rotation is just a rebalancing of extremes. Another clue is that our underperformance was actually worsened by our staples and healthcare holdings which fell. This is because our stocks are so small no-one would rotate into them. For example, Village Stores has 24 supermarkets, no debt, no expansion plans and did indeed fall on the month.

In a way, it doesn't much matter to us in the longer term as so many of our holdings are eclectic or even eccentric compared with the standard type of companies which make up these sectors. For instance, the factors affecting our MWI Vets, a vet product distributor strong in the states around Idaho and in southern England, should depend more on the internal dynamics of that company than its actual correlation with a group of steady growth stocks. Alternatively, our Carriage Services, an operator of funeral homes, is more affected by the change in the trend towards cremations and their ability to cheaply acquire family businesses based more on their reputation than the perception that they are beneficiaries of a decent economic recovery.

The conclusion, then, is that there is just a reversion going on and once our over-extended stocks have gone sideways a little, we will be back in the game. I am wary of a decisive slowdown in China, which is always expected, and would more decisively upset the industrial apple cart but we are not too dependent on any one particular group.

For a reconciliation between the above table and our quoted daily price on www.fundlistings.com, the table below gives our percentages and the month-end prices. The valuations posted out during April related to March 30th , as they were done on UK time, and so were taken a day earlier from the month-end number last month.

End Month Date	Fund YTD	Fund-Listings USD Price
July 30th 2010	+5.17%	100.00
Aug 31st 2010	-2.01%	93.17
Sep 30th 2010	+9.77%	104.37
Oct 29th 2010	+12.60%	107.06
Nov 30th 2010	+17.98%	112.18
Dec 31st 2010	+24.94%	118.80
Jan 31st 2011	+1.84%	120.99
Feb 28th 2011	+5.85%	125.74
Mar 31st 2011	+13.01%	134.25
Apr 29th 2011	+14.26%	135.74

Risk Warnings and other important information

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