April 2013

		Fund			S&P500 Index	
		Performance	*Inception to Date*		*Performance*	*Inception to Date*
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%**
	MTD	*YTD*		*MTD*	*YTD*	
Jan 2013	**+5.52%**	**+5.52%**	**+71.58%**	**+5.04%**	**+5.04%**	**+25.75%**
Feb 2013	**+3.32%**	**+9.03%**	**+77.28%**	**+1.11%**	**+6.20%**	**+27.14%**
Mar 2013	**+5.55%**	**+15.08%**	**+87.12%**	**+3.60%**	**+10.03%**	**+31.72%**
Apr 2013	**-2.18%**	**+12.57%**	**+83.04%**	**+1.81%**	**+12.02%**	**+34.10%**

In April the Fund fell by 2.18%, while the S&P500 rose by 1.81% in the Fund's worst month of under-performance since the market was crashing in 2008. The result was little mitigated by the decline in all the small cap indices because their fall was less than ours. The mood changed from benign greed to a panic to nail down profits, even with steep falls.

The tendency of markets to revert to the mean once they are extended is a wonderful inhibitor of hubris, so I have been examining last month's report to see how guilty we were of crowing. That report has a bemused description of various long-term holdings going through the roof and it is the profit taking in these same holdings that did for us in April. I was disinclined to take profits on these spikes as in all cases I have considerably higher long-term objectives. I may be overly swayed by Peter Lynch's disinclination to let stocks go and share his resentment of stocks being taken over before the long term plays out. This tends to keep us in.

Although we have no gold stocks, the breakdown in the metal through $1400 on April 15th, was dramatic and precipitated what appears to be a squeeze in particular in small stocks. A correction just based on profit taking is a bull market correction. We don't seem to be quite through it yet, although the April 15th lows are holding, with echoes of lesser severity. Conversely, relative strength has been shown in mega cap safe yielders such as staples and utilities, an area of the market in which we are not destined to appear this cycle. While the press characterises this as a clamour for yield, we have not seen the relative strength extend into our higher yielding safe small caps and so I can see it as no more than a rotation. There has been little activity in the portfolio and I do not at this stage think that the bull market in small caps is over but do regret the sharpness of their disaffection, which took away 4% of recent outperformance in a few days.

This is all a pity as I wanted to write about this great company that makes dog kennels we have just bought but that now waits for a sunnier day.