

August 2012

		Fund			S&P500	
	<i>MTD</i>	<i>YTD</i>	<i>Inception to date</i>	<i>MTD</i>	<i>YTD</i>	<i>Inception to date</i>
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%
Dec 2011		+1.79%	+30.96%		0.00%	+5.56%
Jan 2012	+8.46%	+8.46%	+42.04%	+4.36%	+4.36%	+10.16%
Feb 2012	+4.00%	+12.80%	+47.72%	+4.06%	+8.59%	+14.63%
Mar 2012	+2.46%	+15.57%	+51.35%	+3.13%	+12.00%	+18.23%
Apr 2012	+0.29%	+15.91%	+51.80%	-0.75%	+11.16%	+17.34%
May 2012	-5.87%	+9.10%	+42.88%	-6.26%	+4.20%	+9.99%
Jun 2012	+6.28%	+15.94%	+51.84%	+3.96%	+8.31%	+14.34%
Jul 2012	-0.52%	+15.34%	+51.05%	+1.26%	+9.68%	+15.78%
Aug 2012	+2.42%	+18.13%	+54.70%	+1.98%	+11.85%	+18.07%

In August the Fund rose by 2.42%, while the S&P500 rose by 1.98%. This was another month when it was important to hold Apple, whose \$55 rise contributed 40 basis points of the S&P500's gain, so that without it the S&P would have risen 1.58%. We don't hold Apple but nevertheless kept up, helped by rebounding smaller stocks and in fact have closed at a new high since our launch in 2005.

We are sailing into September, the worst month, with our bow doors open as we are fully invested and not expecting a repeat of last year's crisis of confidence. We dislike many sectors, but remain positive overall. We don't like technology, telecommunications, energy or health care as the price is too expensive for the inherent volatility. We don't like commodities as the cycle has passed, and are tired of industrials being disappointing. We finished the barbell strategy with retailers, dropping the top end after Occupy Wall Street and losing the bottom end by selling Dollar Tree, on valuation, this month. We do like cheap low growth stocks and there are many. One example: RG Barry, from

Ohio, market capitalisation \$160 million, ambitious yet conservative, seller of slippers and \$60 handbags, 12 x earnings and 1 x sales, and decisively through its 2007 high.

To mark the high, we are sending a separate email showing current performance tables which date to our restart as a UCITS III in August 2010. The dollar class, at the top, is what it's all about as the sterling class in eleventh place is just the same with sterling equivalents. The zero class in 246th place is an empty class created for new investors we are still awaiting. It tells us that though I don't think we are up much, at least we're up more than anyone else.

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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