

**August 2016**

		<b>Fund</b>			<b>S&amp;P500 Index</b>	
		<i>Performance</i>	<i>Inception to Date</i>		<i>Performance</i>	<i>Inception to Date</i>
<b>2005</b>		<b>+14.01%</b>	<b>+14.01%</b>		<b>+4.78%</b>	<b>+4.78%</b>
<b>2006</b>		<b>+16.91%</b>	<b>+33.29%</b>		<b>+13.62%</b>	<b>+19.05%</b>
<b>2007</b>		<b>+4.06%</b>	<b>+38.70%</b>		<b>+3.53%</b>	<b>+23.25%</b>
<b>2008</b>		<b>-47.99%</b>	<b>-27.86%</b>		<b>-38.49%</b>	<b>-24.18%</b>
<b>2009</b>		<b>+42.74%</b>	<b>+2.97%</b>		<b>+23.45%</b>	<b>-6.40%</b>
<b>2010</b>		<b>+24.94%</b>	<b>+28.65%</b>		<b>+12.78%</b>	<b>+5.57%</b>
<b>2011</b>		<b>+1.79%</b>	<b>+30.96%</b>		<b>0.00%</b>	<b>+5.56%</b>
<b>2012</b>		<b>+24.17%</b>	<b>+62.61%</b>		<b>+13.41%</b>	<b>+19.71%</b>
<b>2013</b>		<b>+42.96%</b>	<b>+132.46%</b>		<b>+29.60%</b>	<b>+55.15%</b>
<b>2014</b>		<b>+3.92%</b>	<b>+141.59%</b>		<b>+11.39%</b>	<b>+72.82%</b>
<b>2015</b>		<b>-2.10%</b>	<b>+136.51%</b>		<b>-0.73%</b>	<b>+71.56%</b>
	<i>MTD</i>	<i>YTD</i>		<i>MTD</i>	<i>YTD</i>	
<b>Jan 2016</b>	<b>-5.47%</b>	<b>-5.47%</b>	<b>+123.60%</b>	<b>-5.07%</b>	<b>-5.07%</b>	<b>+62.86%</b>
<b>Feb 2016</b>	<b>-0.80%</b>	<b>-6.22%</b>	<b>+121.82%</b>	<b>-0.41%</b>	<b>-5.47%</b>	<b>+62.19%</b>
<b>Mar 2016</b>	<b>+8.02%</b>	<b>+1.30%</b>	<b>+139.61%</b>	<b>+6.60%</b>	<b>+0.77%</b>	<b>+72.89%</b>
<b>Apr 2016</b>	<b>+3.01%</b>	<b>+4.35%</b>	<b>+146.82%</b>	<b>+0.27%</b>	<b>+1.04%</b>	<b>+73.36%</b>
<b>May 2016</b>	<b>-0.15%</b>	<b>+4.19%</b>	<b>+146.42%</b>	<b>+1.53%</b>	<b>+2.59%</b>	<b>+76.02%</b>
<b>June 2016</b>	<b>-0.01%</b>	<b>+4.17%</b>	<b>+146.38%</b>	<b>+0.09%</b>	<b>+2.69%</b>	<b>+76.18%</b>
<b>July 2016</b>	<b>+4.81%</b>	<b>+9.18%</b>	<b>+158.25%</b>	<b>+3.56%</b>	<b>+6.34%</b>	<b>+82.45%</b>
<b>Aug 2016</b>	<b>+1.20%</b>	<b>+10.50%</b>	<b>+161.36%</b>	<b>-0.12%</b>	<b>+6.21%</b>	<b>+82.29%</b>

In August the S&P500 fell by 0.12% and the Fund rose by 1.20% to a new high in both sterling and dollar terms. It is now up 10.5% year-to-date and yet still doesn't have the feel of approaching escape velocity as it has in the good years. However many of our stocks made new highs and so there is improvement.

The big triumph is that our community banks are now up on the year. This might not sound much when the market is already up 6.2% but the S&P Bank Index remains down on the year based on continued low interest rates and our pleasure comes from our vindication that community banks are different.

It is also important that our most overweight group has some life in it as our bet that fiscal policy will eventually be decisive is very much stop-start in this early phase. There is also the question of who benefits if infrastructure spending increases? The last few cycles had the best correlation with strong energy stocks but these are surely now capped by shale? We've bought some Bluebird, the only play on school buses, but we continue looking for a more comprehensive paradigm. Our best stocks on the month were our four motorhome related companies and I'm still thinking how to crowbar that news into the overall thesis.

#### **Risk Warnings and Other Important Information**

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