

## February 2012

		<b>Fund</b>			<b>S&amp;P500</b>	
	<i>MTD</i>	<i>YTD</i>	<i>Inception to date</i>	<i>MTD</i>	<i>YTD</i>	<i>Inception to date</i>
<b>Dec 2005</b>		<b>+14.01%</b>	<b>+14.01%</b>		<b>+4.78%</b>	<b>+4.78%</b>
<b>Dec 2006</b>		<b>+16.91%</b>	<b>+33.29%</b>		<b>+13.62%</b>	<b>+19.05%</b>
<b>Dec 2007</b>		<b>+4.06%</b>	<b>+38.70%</b>		<b>+3.53%</b>	<b>+23.25%</b>
<b>Dec 2008</b>		<b>-47.99%</b>	<b>-27.86%</b>		<b>-38.49%</b>	<b>-24.18%</b>
<b>Dec 2009</b>		<b>+42.74%</b>	<b>+2.97%</b>		<b>+23.45%</b>	<b>-6.40%</b>
<b>Dec 2010</b>		<b>+24.94%</b>	<b>+28.65%</b>		<b>+12.78%</b>	<b>+5.57%</b>
<b>Dec 2011</b>		<b>+1.79%</b>	<b>+30.96%</b>		<b>0.00%</b>	<b>+5.56%</b>
<b>Jan 2012</b>	<b>+8.46%</b>	<b>+8.46%</b>	<b>+42.04%</b>	<b>+4.36%</b>	<b>+4.36%</b>	<b>+10.16%</b>
<b>Feb 2012</b>	<b>+4.00%</b>	<b>+12.80%</b>	<b>+47.72%</b>	<b>+4.06%</b>	<b>+8.59%</b>	<b>+14.63%</b>

In February the Fund rose by 4.00% and the S&P500 by 4.06%, not a triumph, but better than the small cap indices, which each rose only a couple of percent. Indeed, we were ahead of the market on every day except the last and just a week ago only 1% below the all-time high. However, a culmination of an acceleration in the largest stock, Apple, and a general whittling away of smaller stocks reeled us in.

In spite of the January surge in small stocks fading after February 3<sup>rd</sup>, and a reversion to ongoing disinterest in this category, we have a few signs this month that the market is normalising after the last few traumatic years. In particular, the tendency to be weak on Monday is a nostalgic return to the 1980s and 1990s when concern over the previous week's gains made Monday significantly the worst day. Another positive sign from a halcyon past is the very slow reaction of stocks to earnings news as so many participants have left the market.

Our portfolio is tilted towards value, which means we will not fully participate in the surging technology sector, but hope for an election-led recovery. We are tending to be positioned for the stronger dollar accompanying that outlook, although we do hold some engineering and industrial stocks which particularly enjoy dollar weakness. I am currently thinking we should lighten here as this area has outperformed the rally since November.

Although I am disappointed with this month we are ahead of all averages year to date and are within striking distance of regaining our relative high made at the end of last July.

## Risk Warnings and other important information

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