

January 2014

		Fund			S&P500 Index	
		<i>Performance</i>	<i>Inception to Date</i>		<i>Performance</i>	<i>Inception to Date</i>
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%
2013		+42.96%	+132.46%		+29.60%	+55.15%
	<i>MTD</i>	<i>YTD</i>		<i>MTD</i>	<i>YTD</i>	
Jan 2014	-4.39%	-4.39%	+122.26%	-3.56%	-3.56%	+49.63%

In January, the Fund fell by 4.39%, while the S&P500 fell by 3.56%. The Fund and the market were unchanged on the month as recently as January 22nd, but then another slowdown report from China exacerbated emerging market fears which spread to developed markets as liquidity was raised and more general earnings questions were asked.

Our small stocks should be isolated from these concerns because most of them are not very worldly in nature and some are quite parochial indeed. However, in a general move against equities, small stocks initially participate enthusiastically on the downside and specifically in our case, our whole thesis of a slow recovery is being challenged.

We are overweight consumer discretionary, industrial and community banks, which is wrong if the US reverts. While the efforts of the press are to mitigate the similarity to 1997

in emerging markets, the real concern is to show the difference with 1937 in the US. Our problem is that we are not really interested in extended growth stocks here and while I accept that a few large cap growth, such as Google, are doing tremendously well, the overall ratings based on historic data suggest forthcoming underperformance, unless a new recession comes in. We are not changing our thesis, and remain principally committed to the small cap value sector of the market. The unexpected slowdown in 1937 was related to budget cuts and money supply tightening and we shall rely on knowledge of this for a kinder Fed response this time, as has been happening thus far.

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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