

June 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%

In June the Fund was up 6.28% and the S&P500 rose by 3.96%. For the second month running, we beat all indices and have returned to our highs of the spring. We finished at a new dollar and sterling high for a month-end and once again are creeping up on our high of last summer.

June was a good month based on where we weren't, rather than from any great success within the portfolio. We are out of the energy sector following our principle of keeping investments domestic, and are not in the financial sector, continuing to be uninvolved with the previously guilty.

I still struggle with what should naturally outperform during this bull market which started in April 2009. Although we are more than three years in, it remains the big question as thematic moves tend to last for at least five years. My latest attempt involved a realisation that short-term real interest rates were negative all the way from the Second World War through the 1970s, as the war debt was demonetised, and so I got out my chart book of the 1950s. The paradox is that it seems that steady

growth has it, even though we know value to win in the very long term. My first tentative answer to the question is therefore that moderate growth is the preferred sector and so a typical thematic winner is our Village Stores: 28 supermarkets throughout New Jersey; each around 57,000 square feet; strong family ownership; no debt; 3% yield; market capitalisation \$665 million; trailing P/E 15.8.

This view was reinforced by a rotation against rapid growth stocks which came in this month. These highly priced, high multiple stocks got hit across the board for no specific reason. We were only mildly affected as we had sold Tractor Supply the previous month and just had a 1% holding in Dollar Tree left.

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The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITSIII).

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