March 2012

		Fund			S&P500	
	MTD	*YTD*	*Inception to date*	*MTD*	*YTD*	*Inception to date*
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%**

In March the Fund rose by 2.46% and the S&P500 by 3.13%, as we slipped back again in line with smaller cap indices which also lagged. The S&P500 remains hard to beat, with fully 1.75% of its year to date gain being Apple. Without this stock it would have risen just 10.25% in the quarter, quite similar to the 9.76% rise of the NYSE Composite Index of 2000 stocks.

Nevertheless, at the end of the first quarter we still have our nose in front, with a 15.57% gain and this is made more curious because our sector weightings are almost perfectly wrong. For instance, the two best performing S&P500 sectors in the quarter are IT at +21.6% and financials at +20.1%. We have virtually no weighting in either sector and yet these are the only two sectors which beat us. The overall character of the market is the extrapolation of extended growth stocks, Apple being the first of many, with, concomitantly, numerous value traps stuck in the doldrums. Disinterest remains remarkably high with 6.8 billion shares a day trading on the NYSE versus 7.9 billion a year ago, combined with continued retail selling. Statistically, momentum breaks in May, but such stocks are so extended I have weakened and lost three of our rampant winners Arctic Cat, Select Comfort and Caribou too early.

Every era is characterised by a class of stock that outperforms, and this bull market from March 2009 will be too. What is favoured by negative real interest rates, financial mistrust, strong balance sheets, rapid technological change, increasing life expectancy and slow economic growth? We might intuitively say consumer staples, the answer to the question from November 1979 to July 1998, but at only +4.1%, they are weak this quarter. Low interest rates mean predictable growth commands higher premiums and that is the pattern so far, our problem being that rapid growth is a long-term underperforming sector. We have some rockets, and some that think they're not playing, and some which haven't been playing then suddenly wake up. Generally, we survive in unaffected obscurity rather than thematic mastery and I am reluctant to join the bandwagon, except where we can agree with the market that a stock should be going through the roof.