May 2013

		Fund			**S&P500 Index**	
		Performance	*Inception to Date*		*Performance*	*Inception to Date*
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%**
	MTD	*YTD*		*MTD*	*YTD*	
Jan 2013	**+5.52%**	**+5.52%**	**+71.58%**	**+5.04%**	**+5.04%**	**+25.75%**
Feb 2013	**+3.32%**	**+9.03%**	**+77.28%**	**+1.11%**	**+6.20%**	**+27.14%**
Mar 2013	**+5.55%**	**+15.08%**	**+87.12%**	**+3.60%**	**+10.03%**	**+31.72%**
Apr 2013	**-2.18%**	**+12.57%**	**+83.04%**	**+1.81%**	**+12.02%**	**+34.10%**
May 2013	**+3.13%**	**+16.09%**	**+88.76%**	**+2.08%**	**+14.34%**	**+36.88%**

In May the Fund rose by 3.13%, while the S&P500 rose by 2.08%, as we stabilised after last month's disastrous performance. Our hiatus continued as the S&P kept on surging into its peak on 22nd May while we made little progress, but then we steadily came back, closing the month at our best relative position.

The curious thing about our lack of progress since the start of April was that it foretold the wider disaster of the crack in Japan and associated squeeze on the yen on the 23rd May. Further, it was this crack that really saw our relative performance pick up and revert to the decent pattern of before. For the first seven weeks of the second quarter, we experienced an unseen barrier on our good stocks which were becalmed on light volume at their highs as the market itself made new highs every day. Additionally, some extended stocks corrected even though we had come through the first quarter reporting season without disappointment. We had a general problem of being in the wrong place in the market.

In the first quarter, high quality defensives such as utilities and healthcare led the way. We had prospered while nevertheless explaining we have no intention of owning them this cycle because we can have our own quiet riot in similar but smaller companies. Already by the 15th May the Financial Times was reporting the retreat of these same strong sectors with the utilities now behind the market for the year. On the 22nd May the market peaked, and the FT reported that junk stocks were leading the way in the second quarter, with those having the largest short interest having the biggest gain, as risk was embraced and people sought to catch up with what had not already moved. Everything now having had a day in the sun, on the 23rd, the leading sector worldwide, Japan, cracked, and the rotation into low quality ended. This teaches us several things: Japan is going higher and our strategy is not flawed, as we are in a leading sector and not a laggard. The American economic recovery continues and so going forward we expect strength to be nuanced towards value as the market, back at square one, evaluates new leadership.