

May 2015

		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%
2014		+3.92%	+141.59%		+11.39%	+72.82%
	<i>MTD</i>	<i>YTD</i>		<i>MTD</i>	<i>YTD</i>	
Jan 2015	-2.59%	-2.59%	+135.32%	-3.10%	-3.10%	+67.46%
Feb 2015	+3.53%	+0.84%	+143.63%	+5.49%	+2.21%	+76.65%
Mar 2015	+0.99%	+1.84%	+146.03%	-1.74%	+0.44%	+73.58%
Apr 2015	-1.96%	-0.15%	+141.22%	+0.85%	+1.29%	+75.06%
May 2015	-1.89%	-2.04%	+136.66%	+1.05%	+2.36%	+76.89%

In May, the Fund fell by 1.89%, while the S&P500 rose by 1.05%. We had a difficult month, because various consumer discretionary stocks fell, even though earnings were reasonable, as if the market is anticipating another recession.

There is disinterest in small stocks. There has also been a curious type of mean reversion, whereby a stock will pop up on good earnings, only to go back whence it came and continue sideways. We have been using the indifference to be slightly more active, increasing weightings on good news.

The new phenomenon is unexpected falls. For instance, Marine Products, maker of small motor boats for fishing and recreation, forever gaining market share in a market place far short of past glories, has now had a better quarter and no debt in each successive quarterly report since the 2009 low. It had risen to \$9, still far below the \$20 of 2005, but reverted to \$6 despite reasonable earnings. Just in case we started thinking this was company specific, and had missed the point that cultural affinity for the internet means no one will ever buy a boat again, Johnson Outdoors, maker of dive equipment and tents, also debt-free and around \$200 million capitalisation, did the same thing, going from \$35 to \$23 on earnings that Helen Johnson made seem most plausible on the conference call.

To further the conundrum, consumer durables are the second best S&P 500 sector, year to date, and in the UK, small stocks are out-performing. This leaves the possibility that the unexpected decline in first quarter GNP put pressure on US small stocks in particular. I am expecting them to bounce, as they have before.

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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