

November 2011

	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%
Jan 2011	+1.84%	+1.84%	+31.02%	+2.26%	+2.26%	+7.96%
Feb 2011	+3.93%	+5.85%	+36.17%	+3.20%	+5.53%	+11.41%
Mar 2011	+6.77%	+13.01%	+45.38%	-0.10%	+5.42%	+11.29%
Apr 2011	+1.11%	+14.26%	+46.99%	+2.85%	+8.43%	+14.46%
May 2011	-1.47%	+12.58%	+44.83%	-1.35%	+6.96%	+12.92%
June 2011	+2.39%	+15.26%	+48.28%	-1.83%	+5.01%	+10.85%
July 2011	-0.96%	+14.15%	+46.85%	-2.15%	+2.75%	+8.47%
Aug 2011	-7.47%	+5.62%	+35.88%	-5.68%	-3.08%	+2.31%
Sep 2011	-11.44%	-6.46%	+20.34%	-7.18%	-10.04%	-5.03%
Oct 2011	+12.17%	+4.92%	+34.98%	+10.77%	-0.35%	+5.20%
Nov 2011	-0.51%	+4.38%	+34.29%	-0.51%	-0.85%	+4.67%

In November the Fund fell by 0.51%, as did the S&P500, in a rare but unexciting coincidence. The small monthly change was less than the average diurnal range as volatility continued to be very high for the fourth consecutive month. Although daily correlations of stock prices are high, distinct trends are developing and there were big moves between sectors. For the first time this year there is a faltering of technology leadership as there are signs that growth is ceding to value because America is not making the predicted relapse to recession.

We have been reinvesting liquidity and hiding in the heartlands, buying America's Car Mart in Bentonville, Arkansas; more RG Barry in Columbus, Ohio; and National Research in Lincoln, Nebraska. This is an unintended consequence of continuing to follow the principle of the advancement of the uninvolved. The rest of the world seems treacherous, as is finance and Wall Street and yet, at the grassroots level, many small American businesses are doing fine.

We have made the first thematic change for years, and abandoned the idea of an ever steepening Lorenz curve. This is a trend in place since the Diamond Commission reported the most equal post-war distribution in the UK in July 1975. Things have gone too far and people are sick of it. If this call is early, it will be because of Eastern greed rather than Western redux. For our stocks, this means we are no longer interested in the likes of Tiffany or Coach, but in fact have not owned any of this type for at least five years. We remain fascinated in the other end of the curve, where the poor are getting poorer, and participate by retaining holdings in Dollar Tree and Dollar General.

Risk Warnings and other important information

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