

October 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%
Jul 2012	-0.52%	+15.34%	+51.05%	+1.26%	+9.68%	+15.78%
Aug 2012	+2.42%	+18.13%	+54.70%	+1.98%	+11.85%	+18.07%
Sep 2012	+3.63%	+22.42%	+60.32%	+2.42%	+14.56%	+20.93%
Oct 2012	+0.04%	+22.47%	+60.38%	-1.98%	+12.29%	+18.54%

In October the Fund rose by 0.04%, while the S&P500 fell by 1.98%. This was another good month for us, when, as last month, we not only beat the S&P500, but also the other five indices of the overall market: the Dow Jones, NYSE, Russell2000, S&P400 and S&P600.

The latter four indices, which all represent the broader market, are back to the levels of early 2011 and so overall progress is slow. Nevertheless we remain in the higher territory we entered at the end of the summer, and so continue our own private bull market. This month we celebrated the 25th anniversary of the 1987 crash with the worst day in the market for four months and yet all sell-offs have been limited since the low in June and it has been wrong to be shaken out.

We held up through a troubled third quarter earnings season, essentially by not being torpedoed, rather than through any individual heroics. We have a slight tilt to value and the third quarter missiles went for sales misses for which value stocks are a little less vulnerable.

In yet another of my box ticking exercises, I have been looking at the role of volatility as a predictor of future stock price performance. We have got as far as avoiding technology as a long-term bias because this volatile sector is a long-term underperformer, but there is a remarkable counterintuitive correlation between low volatility of an individual stock and its long-term outperformance. This is evidence that no one invests in the stock market to make money because low volatility is too dull to be fun. When I look at the inaction in our community banks, which take hibernation as a natural state of being, I am aware we have ticked the low volatility box very well indeed. I remain optimistic for this group going forward.

Risk Warnings and Other Important Information

This document is issued by De Lisle Partners LLP, registered in England No.OC310994, authorised and regulated by the Financial Services Authority. The registered office of Valu-Trac Investment Management Ltd is Suite 150-153, 2nd Floor Temple Chambers, Temple Avenue, London, EC4Y 0DA, Head Office at Mains of Orton, Orton, Fochabers, Moray, Scotland IV32 7QE.

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

This document should not be construed as investment advice or an offer to invest in the Fund. Nor should its content be interpreted as investment or tax advice for which you should consult your independent financial adviser and or accountant. The information and opinion it contains have been compiled or arrived at from sources believed to be reliable at the time and are given in good faith, but no representation is made as to their accuracy, completeness or correctness. Any opinion expressed in this document represents the views of De Lisle Partners at the time of preparation, but is subject to change. For professional use only.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Past performance should not be viewed as a guide to future performance. Please read the Prospectus before making an investment.