

October 2016

		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%
2015		-2.10%	+136.51%		-0.73%	+71.56%
	<i>MTD</i>	<i>YTD</i>		<i>MTD</i>	<i>YTD</i>	
Jan 2016	-5.47%	-5.47%	+123.60%	-5.07%	-5.07%	+62.86%
Feb 2016	-0.80%	-6.22%	+121.82%	-0.41%	-5.47%	+62.19%
Mar 2016	+8.02%	+1.30%	+139.61%	+6.60%	+0.77%	+72.89%
Apr 2016	+3.01%	+4.35%	+146.82%	+0.27%	+1.04%	+73.36%
May 2016	-0.15%	+4.19%	+146.42%	+1.53%	+2.59%	+76.02%
June 2016	-0.01%	+4.17%	+146.38%	+0.09%	+2.69%	+76.18%
July 2016	+4.81%	+9.18%	+158.25%	+3.56%	+6.34%	+82.45%
Aug 2016	+1.20%	+10.50%	+161.36%	-0.12%	+6.21%	+82.29%
Sep 2016	-0.38%	+10.08%	+160.37%	-0.12%	+6.08%	+82.00%
Oct 2016	-0.69%	+9.32%	+158.56%	-1.94%	+4.02%	+78.47%

In October, the Fund fell by 0.69% and the S&P500 fell by 1.94%. The month was characterised by indices gradually slipping away, with smaller stocks doing worse and the danger of blow-ups all over the place. The Fund managed to dodge these, and steadfastly refused to deteriorate, aided by our abundance of low volatility stocks. This meant that we did relatively well. For instance, the Russell 2000 was down 4.81% on the month, to be now up just 4.89% year to date, and, for the first time in a while, we have gone clear of all indices.

October is an earnings month and so there are various hurdles to jump over, to keep in the game. Most of our big holdings have reported without adverse result, and we are free to jog onto the next test in January. In particular, our community banks have made it through, with the biggest holdings, Towne, Yadkin, F.S. Bancorp and Mercantile all moving up after reporting; the first two moving to new highs and the other two coming close. We were moved to violence just once, increasing F.S. Bancorp from 3.7% of the Fund to 4.7% following earnings because no one seems to be paying attention.

The general deterioration was correlated with a declining bond market so growth stocks fared worst. As we missed the growth boat on the way up, we were not in it as it sank. Although there seems few places to hide, as Hallowe'en passes, we have moved beyond the six month under-performing season and so hope rises. We still expect, and are positioned for, a Hillary victory by being light in health care and big tech, but this is a coincidence of style rather than a psephological prediction. In general, we hope the bi-partisan desire to do something for Middle America will also help our little stocks, which are mainly aligned that way.

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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