September 2011

		Fund			S&P500	
	MTD	*YTD*	*Inception to date*	*MTD*	*YTD*	*Inception to date*
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%**

In September the Fund fell 11.44% and the S&P500 was down 7.18%. Our performance was more in line with the Russell 2000 which fell 11.37% and is now down 17.8% year-to-date.

Portfolio activity was minimal, but we should have been selling industrial stocks which fell throughout the month. I felt it was unlikely we would see a rerun of 2008, when worldwide recession fears caused a collapse in commodity prices, but so far the stock groups' actions are similar to that year. Additionally, Warren Buffett declared he would bet heavily against a recession, then invested in the leveraged Bank of America, then announced a buyback of his own shares, which influenced me not to panic.

There was also no coherent political response to international problems. This opposes another idea I faithfully hold, that history creates leaders rather than vice versa. Consequently, this moment of banking crisis should call forth greatness and make a few people famous but so far, to the contrary, political inaction has been the primary driver of markets' fear.

In sectors, the big have outperformed the small and the steady growth, such as foods and utilities, have been best, while materials and energy have been worst. Although this does not have us perfectly badly positioned, we have no utilities, no large caps and yet do have some small ball bearing and widget makers which have been sold even below book value.

I am sorry about this latest destruction of wealth. It's not that I haven't been paying attention, more I am disbelieving the price action and reading too many articles about whether it's 1937 again. Before 2008, I wasn't even familiar with the disastrous 1937 bear market as the paradigm for awfulness was 1974, considered unbeatable. In times of need I return to the 1968 book The Money Game by Adam Smith (the pseudonym for George Goodman) which talks about the anomie stage of the market, a period without belief or values we just have to endure.