

September 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%

In September the Fund rose by 3.63%, while the S&P500 rose by 2.42%. This was a good month for us, when 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. We are also decisively ahead of all these indices year to date, which range from +14.56% for the S&P500 to +9.98% for the Dow Jones. In the middle are +12.84% for the S&P600 and +12.81% for the S&P400, so we cannot say it is a better year for either small or large caps as everything has moved similarly. Indeed, if we take Apple out of the S&P 500, its result comes down to +12.40%, right in line with the other indices. Consequently we are about 10% ahead of any market index.

One reason is we caught the nuanced change from growth to value in June, although we didn't tinker much and still have a foot in both camps.

This month I have continued to increase the weighting of small community banks as a play on the housing recovery and we are now up to 10%. The strategy is working very well and we are heading towards a low teens figure soon.

Elsewhere we said goodbye to Summer Infant after a huge product recall turned it into an autumn disaster and the tiny KSW, which I described a few months ago as a Graham Stock (whereby you can close the business and the liquidation value exceeds the stock market price), was duly taken over. I have always adhered to Peter Lynch's principle that just because your stock goes up doesn't necessarily mean you were right, but, in this singular case, there is a small chance we may have been.

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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