

December 2017

|             |  | <b>Fund</b>        |                              |  | <b>S&amp;P500<br/>Index</b> |                              |
|-------------|--|--------------------|------------------------------|--|-----------------------------|------------------------------|
|             |  | <i>Performance</i> | <i>Inception<br/>to Date</i> |  | <i>Performance</i>          | <i>Inception<br/>to Date</i> |
| <b>2005</b> |  | <b>+14.01%</b>     | <b>+14.01%</b>               |  | <b>+4.78%</b>               | <b>+4.78%</b>                |
| <b>2006</b> |  | <b>+16.91%</b>     | <b>+33.29%</b>               |  | <b>+13.62%</b>              | <b>+19.05%</b>               |
| <b>2007</b> |  | <b>+4.06%</b>      | <b>+38.70%</b>               |  | <b>+3.53%</b>               | <b>+23.25%</b>               |
| <b>2008</b> |  | <b>-47.99%</b>     | <b>-27.86%</b>               |  | <b>-38.49%</b>              | <b>-24.18%</b>               |
| <b>2009</b> |  | <b>+42.74%</b>     | <b>+2.97%</b>                |  | <b>+23.45%</b>              | <b>-6.40%</b>                |
| <b>2010</b> |  | <b>+24.94%</b>     | <b>+28.65%</b>               |  | <b>+12.78%</b>              | <b>+5.57%</b>                |
| <b>2011</b> |  | <b>+1.79%</b>      | <b>+30.96%</b>               |  | <b>0.00%</b>                | <b>+5.56%</b>                |
| <b>2012</b> |  | <b>+24.17%</b>     | <b>+62.61%</b>               |  | <b>+13.41%</b>              | <b>+19.71%</b>               |
| <b>2013</b> |  | <b>+42.96%</b>     | <b>+132.46%</b>              |  | <b>+29.60%</b>              | <b>+55.15%</b>               |
| <b>2014</b> |  | <b>+3.92%</b>      | <b>+141.59%</b>              |  | <b>+11.39%</b>              | <b>+72.82%</b>               |
| <b>2015</b> |  | <b>-2.10%</b>      | <b>+136.51%</b>              |  | <b>-0.73%</b>               | <b>+71.56%</b>               |
| <b>2016</b> |  | <b>+31.95%</b>     | <b>+212.07%</b>              |  | <b>+9.54%</b>               | <b>+87.93%</b>               |

|                  | <i>MTD</i>    | <i>YTD</i>     | <i>ITD</i>      | <i>MTD</i>    | <i>YTD</i>     | <i>ITD</i>      |
|------------------|---------------|----------------|-----------------|---------------|----------------|-----------------|
| <b>Jan 2017</b>  | <b>-1.42%</b> | <b>-1.42%</b>  | <b>+207.46%</b> | <b>+1.79%</b> | <b>+1.79%</b>  | <b>+91.29%</b>  |
| <b>Feb 2017</b>  | <b>+1.63%</b> | <b>+0.13%</b>  | <b>+212.48%</b> | <b>+3.72%</b> | <b>+5.57%</b>  | <b>+98.40%</b>  |
| <b>Mar 2017</b>  | <b>-0.67%</b> | <b>-0.54%</b>  | <b>+210.38%</b> | <b>-0.04%</b> | <b>+5.53%</b>  | <b>+98.33%</b>  |
| <b>Apr 2017</b>  | <b>+2.09%</b> | <b>+1.53%</b>  | <b>+216.85%</b> | <b>+0.91%</b> | <b>+6.49%</b>  | <b>+100.13%</b> |
| <b>May 2017</b>  | <b>-1.16%</b> | <b>+0.35%</b>  | <b>+213.16%</b> | <b>+1.16%</b> | <b>+7.73%</b>  | <b>+102.45%</b> |
| <b>Jun 2017</b>  | <b>+4.81%</b> | <b>+5.18%</b>  | <b>+228.24%</b> | <b>+0.48%</b> | <b>+8.24%</b>  | <b>+103.42%</b> |
| <b>July 2017</b> | <b>-0.62%</b> | <b>+4.53%</b>  | <b>+226.20%</b> | <b>+1.93%</b> | <b>+10.34%</b> | <b>+107.36%</b> |
| <b>Aug 2017</b>  | <b>+1.17%</b> | <b>+5.75%</b>  | <b>+230.02%</b> | <b>+0.05%</b> | <b>+10.40%</b> | <b>+107.47%</b> |
| <b>Sep 2017</b>  | <b>+7.30%</b> | <b>+13.47%</b> | <b>+254.09%</b> | <b>+1.93%</b> | <b>+12.53%</b> | <b>+111.47%</b> |
| <b>Oct 2017</b>  | <b>+0.35%</b> | <b>+13.86%</b> | <b>+255.33%</b> | <b>+2.22%</b> | <b>+15.03%</b> | <b>+116.17%</b> |
| <b>Nov 2017</b>  | <b>+2.69%</b> | <b>+16.93%</b> | <b>+264.91%</b> | <b>+2.81%</b> | <b>+18.26%</b> | <b>+122.24%</b> |
| <b>Dec 2017</b>  | <b>-2.99%</b> | <b>+13.43%</b> | <b>+254.00%</b> | <b>+0.98%</b> | <b>+19.42%</b> | <b>+124.42%</b> |

In December, the S&P rose by 0.98% and the Fund fell by 2.99%. Our fall was due to another retreat in community banks, which left them near the lower end of their 2017 trading range. The community banking index (symbol: QABA) finished down on the year, which was a severe drag on performance. For instance, Towne Bank, our biggest holding,

started the year at \$34 but journeyed from \$35 to \$31 in December. Although there was a surge in large banks, on the tax changes, and continued progress in micro-cap banks, based on momentum, there were falls in the market cap range \$500 million to \$3 billion, which includes the largest weights in our portfolio and is attributable to yield curve flattening. We feel the growth characteristics of our banks outweigh short-term interest rate considerations. In the case of Towne, now absorbing Paragon, it has Monarch inside it, which we like very much. We are in from \$8 and see 2017 as a hiatus.

Elsewhere, conditions have remained ideal for large cap growth, exemplified by the best performing index being the S&P500 Growth Components ETF (symbol: IVW). This is dominated by large tech and then household names which are all at high multiples yet continue their momentum advance. It was a poor year for value, with energy and most commodity stocks down on the year. While the Fund was up on the year and in line with smaller stock indices, we are not in the swing of the action. We have our successes, with new all-time highs in December for Calavo Growers, Winnebago, LCI Industries, Patrick Industries, Manitex, Builders' First Source, Superior Uniform, Emcor and others, but this is insufficient.

We start 2018 in a bit of a bind, waiting for the swing to come back to us. Meanwhile, we have been upgraded to a 'Rated Fund for 2018' by Money Observer, and we hope this strong market will soon come our 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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