

March 2019

		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%
2016		+31.95%	+212.07%		+9.54%	+87.93%

	<i>MTD</i>	<i>YTD</i>	<i>ITD</i>	<i>MTD</i>	<i>YTD</i>	<i>ITD</i>
2017		+13.43%	+254.00%		+19.42%	+124.42%
2018		-20.44%	+181.65%		-6.24%	+110.42%
Jan 2019	+9.12%	+9.12%	+207.34%	+7.87%	+7.87%	+126.98%
Feb 2019	+4.82%	+14.38%	+222.15%	+2.97%	+11.08%	+133.73%
Mar 2019	-2.70%	+11.30%	+213.46%	+1.79%	+13.07%	+137.92%

In March the S&P500 rose by 1.79% and the Fund fell by 2.70% in a sudden reprise of the recession scenario as the yield curve went negative. The V-shaped recovery in stocks went into reverse with all small stock indices down, value stocks worse and the disparity between indices the highest in recent years. Looking at our nearest indices, the S&P600 was down 3.6% and the Community Bank Index was down a shocking 8.6% to reduce its year-to-date gain to 7.4%.

All the fourth quarter problems were back as there was another move to the higher ground of utilities, and any guaranteed growth. The best place was high multiple tech, which is consistent. To reinforce the prediction of the inverted yield curve, the deflationary message also came across with falling bond yields around the world. The 10 year Bund now has a negative yield for the first time since 2016 and the US 10 year went from 2.75% at the start of March to 2.4% at the end. It was causing consternation as recently as November for breaking to 3.2%, a 7 year high. Expectations are now that short-term rates have peaked, which is the first time we've been here since 2007 in the last cycle.

We were once again in the wrong place and our very high rating of community banks was the worst place, as before. Nevertheless there comes a point when there are only so many times the market can discount the next recession and the December 24th lows will also be a major support level for the recession thesis. Interest rates are lower, so growth stocks can

push higher and we are, as ever, searching for growth at a reasonable price. The reasonable price is our undoing as we compromise the certainty of growth for stocks perceived to be cyclically vulnerable. To address this, we have conceded a little – reducing our high conviction in our little banks to 43% weighting and adding Coresite Realty, a data centre REIT; LHC Group, a home nursing care company and Grand Canyon Education, all having the characteristic of growing with perceived reliability.

Risk Warnings and Other Important Information

This document is issued by De Lisle Partners LLP, registered in England No.OC310994, authorized and regulated by the Financial Conduct 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.