

August 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%
Apr 2019	+5.25%	+17.14%	+229.92%	+3.93%	+17.51%	+147.27%
May 2019	-6.06%	+10.04%	+209.94%	-6.58%	+9.78%	+131.01%
Jun 2019	+7.04%	+17.79%	+231.76%	+6.79%	+17.35%	+146.93%
July 2019	-0.64%	+17.04%	+229.65%	+1.31%	+18.89%	+150.17%
Aug 2019	-5.06%	+11.12%	+212.97%	-1.81%	+16.74%	+145.65%

In August the S&P500 fell by 1.81% while the Fund fell by 5.06% in a disappointing month when the fear of a concerted slowdown returned. The action was like a damped down end of 2018 with few places to hide. There was a collapse in world yields to new lows so that by the end of the month, for example, Germany sold a 31 year zero coupon for Eu103.5: no dividends, and a guaranteed capital loss at the end. The hiding places were the extreme corners of utilities and foods which principally exclude us.

The weaker sectors were again smaller and value stocks. After writing this so frequently, one might think some extremes would be popping up and that is now happening. The ratio of US retail sales to the S&P500 reached its lowest level since records began in 1947 showing relatively subdued consumers. The Financial Times reported value stocks are now trading at a 44 year low relative to growth stocks. This worldwide statistic is particularly interesting because of its 1975 reference point. When Fama and French got the ball rolling for value investing in 1990, with 100 year data showing value to do better, the last naysayers were left with one 'but'. If we take out the huge surge in value from 1975 to 1983, value's pre-eminence is lost. We have now reversed that surge and so even the longest term convictions are challenged.

For ourselves, we are defending against some dreadful indices. We are closest to the Russell Microcap which was down 6.34% in the month and is now down 21.4% in the last year. It is close to the Community Bank Index, down 7.61% in the month, 20% over a year and only up 6% year-to-date, another index closely aligned with ourselves. They are a world away from the more steady action of the mega stocks.

The negative interest rates and consumer pessimism forecast that companies cease growing and even contract in a more challenging and more disruptive environment. The uncertainty is placing an ever greater premium on liquidity and interest in our neck of the woods is very low. We have absorbed more slowdown news and relative valuations are again more in our favour. With these sort of statistics, somewhere out there is a turning point but it is not in sight yet.

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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