

July 2020

		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%
2019		+27.60%	+259.39%		+28.88%	+171.19%
Jan 2020	-4.77%	-4.77%	+242.23%	-0.16%	-0.16%	+170.75%
Feb 2020	-8.52%	-12.89%	+213.08%	-8.41%	-8.56%	+147.98%
Mar 2020	-24.39%	-34.13%	+136.73%	-12.51%	-20.00%	+116.95%
Apr 2020	+16.30%	-23.39%	+175.32%	+12.68%	-9.85%	+144.47%
May 2020	+6.37%	-18.51%	+192.87%	+4.53%	-5.77%	+155.54%
June 2020	+6.86%	-12.92%	+212.96%	+1.84%	-4.04%	+160.24%
July 2020	+1.60%	-11.53%	+217.97%	+5.51%	+1.25%	+174.58%

In July the Fund rose by 1.60% while the S&P500 rose by 5.51% as disappointing virus news sent bonds back to the March highs and crammed performance into the five big tech companies which now comprise 22.5% of the S&P500. Smaller companies did progressively worse and the Community Bank Index fell for the third month in a row, by 4%, to reach a new record underperformance of 35.3% YTD against the S&P500. Additionally, the dollar had its worst month for years, falling 4.67% against sterling.

Against this perfectly woeful background, it might be expected we put our paws up and lost badly. We did but hope remains. Firstly, our overweight banks, now 31% of the Fund, reported very strong earnings, principally because of growing mortgage activity. Annualising the recent quarter, two large holdings are now down to 4.2x earnings and are on ratings below the 2009 low. The market has assigned them membership of the L-shaped group along with airlines, cruise lines and so on. The presumption is that the stubbornness of the pandemic overwhelms and eventually erodes and obviates the entire industry. I mention this not through obsession, but fascination because, whatever the future for air travel, there continues to be little evidence of this threat to our banks. Unlike Warren Buffett, we are not adding.

Elsewhere, our pursuit of the great outdoors outperformed and we extended the principle to: "What else can we spend it on?". We have thus added to housing related which is working very well.

Finally, another theme of the new world is fragile planet, best exemplified by the cult of Tesla. One aspect is the rise of vegetarianism and while wearily examining the 100x rating of Beyond Meat, realised the retro movement to the great outdoors extends to food. We bought B&G Foods, a small company with a giant product, the Jolly Green Giant in fact, and other vegetarian at home brands. There is a growing realisation that the initial surge of at home food buying is only partially dissipating, creating fashionable small growth on less than 9x earnings and a 7% yield. While the new holding has gone straight up 20%, it will not change the overall numbers much but we are slowly realigning to areas which are being discovered.

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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