January 2022

		Fund			S&P500 Index	
		Performance	*Inception to Date*		*Performance*	*Inception to Date*
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%**

	MTD	*YTD*	*ITD*	*MTD*	*YTD*	*ITD*
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%**
2020		**+16.17%**	**+317.49%**		**+16.26%**	**+215.28%**
2021		**+35.18%**	**+464.37%**		**+26.89%**	**+300.07%**
Jan 2022	**-4.55%**	**-4.55%**	**+438.69%**	**-5.26%**	**-5.26%**	**+279.03%**

In January the Fund fell 4.55% and the S&P 500 fell 5.26%. The market rallied strongly in the last two days, taking away some of the more dramatic falls. Nevertheless it still recorded the worst month since March 2020; along with various sentiment indicators that were also in keeping with the fear registered at the start of the pandemic.

For ourselves, we were sticky on the downside and then on the upside, which was not unexpected as the bounce was a reversal without change of character. The month started with the reset of interest rate expectations and for a short while it looked like we were getting clean away, being immune to the falling P/Es because ours are already low. However, the speed and emotion of the fall soon created worries about the next recession, in this case caused by the fall itself. Consequently, our consumer durables dived with everything else.

The disparity of the performance within the market was great. We kept up with the value component of the S&P 600 (small cap, ETF: IJS) -4.4% but we were way different from the Russell 2000 -9.7% and the Russell Microcap -10% as these less rigorous small cap indices have more of the troubled high multiples. Even after the powerful rally the Nasdaq Index was down 8.8% and the Biotech Index was down 16.6%.

Inflation stays high, the Fed resets the path of interest rates, low P/E is better than high P/E, small cap is losing to large on perceived relative weakness. What next? I think that neither policy error nor wealth effects will lead to recession and suspect that the IJS will therefore be the most difficult market index to beat for the next few years. We are not diving for ever lower P/Es but are looking for anomalies based on this premise. We have added to housing related and also some boats which seem to think that record backlogs will just evaporate.

Proof that anything popular is being crushed can be seen within our portfolio where our hot uranium stocks had a particularly bad month but our rather boring soft commodity stocks covering nitrogen, phosphates and the grains went up, both for no particular reason. We reacted to this by successfully trading out and then back in to some of our perceived hotter

stocks but are now expecting the relative strength in low P/E and the primary sectors to re-assert itself and this is where we are positioned.