May 2023		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%**
2022		**-10.54%**	**+404.87%**		**-19.44%**	**+222.29%**
Jan 2023	**+8.22%**	**+8.22%**	**+446.39%**	**+6.18%**	**+6.18%**	**+242.19%**
Feb 2023	**-1.04%**	**+7.10%**	**+440.74%**	**-2.61%**	**+3.40%**	**+233.25%**
Mar 2023	**-4.82%**	**+1.95%**	**+414.70%**	**+3.51%**	**+7.03%**	**+244.93%**
Apr 2023	**-2.45%**	**-0.55%**	**+402.08%**	**+1.46%**	**+8.59%**	**+249.99%**
May 2023	**-3.44%**	**-3.97%**	**+384.82%**	**+0.25%**	**+8.86%**	**+250.85%**
Jun 2023	**+10.87%**	**+6.47%**	**+437.51%**	**+6.47%**	**+15.91%**	**+273.56%**

In June, the Fund rose 10.87% and the S&P500 rose by 6.47% as we rebounded from extremes in relative valuations between growth and value. Sterling-holders were up 9.03% as the pound rose from $1.246 to $1.267. However, it was not the most depressed sectors which led the rebound. Community banks (QABA ETF) were up just 5.8% and energy (XLE ETF) was up 6.2%. Elsewhere, biotech (XBI ETF) was the only down group, maybe weighing the effect of AI on drug development. Industrials (XLI ETF) were strongest at +10.8%. Market indices ranged from +6.3% for the Russell Microcap to +8.8% for the S&P 400 (mid-cap). There was little variation between value and growth sub-indices.

We had a few factors in our favour. Amongst our largest holdings, UFP Technologies was up another 25%, still re-rating after earnings, and Builders First Source pushed on 17%. Our good weighting in industrials was further helped by excellent results at Greenbrier (change in CEO), Worthington, Hawkins and, most significantly, Friedman Industries, our steel processor. Our consumer durables also outperformed with good results from BRP (jet-skis) and in RVs from Thor and Winnebago who both reported down earnings yet were up 32%

and 20%. Our 12% weighting in oil service outperformed peer oil service stocks and indices with new highs in Tidewater and Diamond Offshore.

We have been complacently overweight housing for awhile, musing that, as it was the best acting consumer durable group, it should lead going forward. However, on 20th June housing starts revealed a surge to one of the highest figures in the last five years, despite persistent interest rate rises. The mists cleared.

The banking crisis initiated because Silvergate reached for yield to maintain margins. The subsequent forensic analysis revealed many banks with 'held-to-maturity' assets which are under water but impact neither earnings nor book value. The financial system was losing but who was winning? Homeowners. The US mortgage market is predominantly 30-year fixed. As mortgage rates surged, owners of existing family homes stopped selling to hang on to their mortgages. The rate has gone from 2.96% in 2019 to 7.11% today. Some of the 2019 vintage may be contemplating living in the same home another 26 years! The slow run-off of existing mortgages and consequent shortage of existing home supply creates a shift of demand into new build. We've raised our housing weighting from 5% to 6%, increasing M/I homes (builder in strong south-western markets) and BlueLinx (supplier). We hope to go further.

Liquidity briefly dropped to 4.6% but is now 6% due to inflows. We try to follow Buffett's rule 1: don't lose money. Purchases are indeed going well but a little more aggression is sometimes needed. Target liquidity remains 4%. This month was helped by good earnings and, while consumer durables are acting well, we still have valuation extremes between commodity and growth sectors, giving the potential for more bounce.