

December 2021

		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%
2020		+16.17%	+317.49%		+16.26%	+215.28%
Jan 2021	+4.21%	+4.21%	+335.07%	-1.11%	-1.11%	+211.77%
Feb 2021	+10.42%	+15.07%	+380.40%	+2.61%	+1.47%	+219.91%
Mar 2021	+7.70%	+23.93%	+417.38%	+4.24%	+5.77%	+233.48%
Apr 2021	+2.57%	+27.12%	+430.70%	+5.24%	+11.32%	+250.97%
May 2021	+4.38%	+32.68%	+453.94%	+0.55%	+11.93%	+252.89%
June 2021	-1.18%	+31.11%	+447.38%	+2.22%	+14.41%	+260.73%
July 2021	-1.43%	+29.24%	+439.24%	+2.27%	+17.02%	+268.94%
August 2021	+1.15%	+30.72%	+445.75%	+2.90%	+20.41%	+279.63%
Sep 2021	-1.77%	+28.41%	+436.12%	-4.76%	+14.68%	+261.57%
Oct 2021	+2.41%	+31.51%	+449.05%	+6.91%	+22.61%	+286.57%
Nov 2021	-0.37%	+31.02%	+447.01%	-0.83%	+21.59%	+283.35%
Dec 2021	+3.17%	+35.18%	+464.37%	+4.36%	+26.89%	+300.07%

In December, the Fund rose by 3.17% and the S&P500 rose by 4.36%. Omicron dominated and stocks realigned but it wasn't as easy as just reaching for last year's playbook. While Internet use did hit new highs and travel plans were cancelled, initial reactions to buy large tech and sell commodity stocks were tempered by memories of what came next. Turning on December 20th, by Christmas, commodities were recovering from 15% falls and tech was stalling out at new highs. For ourselves, we were bashed and then recovered accordingly but beat comparable indices, with the Russell Microcap down slightly on the month and the Russell 2000 up just 2.1%. This is a pattern which has persisted throughout the year, with us finishing at +35.2% against +17.8% for the Microcap and just +13.7% for the Russell 2000.

When we look into our portfolio to see where we differ, the patterns emerge. The overall answer is our lower P/Es are working but imagine our 150 stocks as four ideas: The Great Outdoors, Community Banks, the Primary Producers and Experientials. The first idea was the winner in 2020 and loser in 2021 as the market now presumes behavioural reversion. The middle two went with the news, going up and down with the virus. The last idea of experiences becoming more important just keeps on going from a low base and the gains have outweighed the drag from The Great Outdoors.

Here are some of the December gainers: OneWater, MarineMax, Build-A-Bear, Customers Bancorp (fintech), Builders FirstSource and BlueLinx (builders' wholesalers). Lower P/E marinas accelerated away from boat builders, and our low P/E fintech went for it even as the major high-P/E fintechs fell hard. We paid \$18 for BlueLinx in Autumn 2020; today it is \$91 with a P/E of 3.8. It has earned \$23 in the last three quarters alone, making it less than 1x prospective earnings when we bought! Supply disruptions can help suppliers.

In 2021, we correlated strongly with rising bond yields and rose in sterling terms in eleven months out of the twelve. We crawled higher on a risk-adjusted basis as investors turned away from high P/Es and moonshots everywhere. A proxy for this, the S&P Biotech ETF, was down 3.7% on the month and down 20.5% on the year. The Fund is on 9x trailing earnings and has shown this year it actually prefers rising bond yields. On the other hand, low P/Es are not getting sold off hard when the bad news comes and bond yields fall, such as in early December.

In 2022 we expect The Great Outdoors to do well again, vindicated by their record backlogs and single figure P/Es. We also want more Experientials but they are very obscure. We are confident about our prospects for this year as ongoing fears of a lower P/E for the market bring hope that it remains our turn in the sun. Bond yields are still lower than they were last February. Continued low bond yields mean we retain potential energy. If bond yields rise due to better times, earnings growth will outweigh P/E contraction at our end of the spectrum.

Finally a big thank you to all new investors in 2021 who tended to buy quite well, which is great.

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.