MAY 2013 USD Cell

Ascenta **Special Situations** Resource Fund

Market Commentary

Inevitable Future Inflation Will Favour Resources..

By Rodney Stevens, Fund Manager

The resource sector continues to be under pressure despite the raging bull market in the US.

Unfortunately the currently tepid recovery in the US. economy, as a serviced based economy, is not strong enough to lift metals prices, which are being hampered by weaker Chinese economic growth and investment demand as well as high inventory levels.

At some point can see the potential for all the monetary stimulus that the US Federal Reserve has been feeding the market will result in an inflationary spiral, in which case hard assets would return to favor. Otherwise global economic growth could rebound on its own right without the need for stimulus, boosting the demand for metals.

In the interim, the US economy is transitioning from being driven by the artificial monetary policy to the real fundamentals.

Through this transition there is going to be some volatility, but what it means is that interest rates are on the rise; not because of uncontrolled inflation, but due to growth, which continues to be the perfect environment for stocks.

Accordingly, until resource stocks return to favor, we are repositioning the Special Situations Resource Fund to benefit from the growth in the US through strategically positioning ourselves into sectors peripheral to the mining and energy industries such as pipelines, oil equipment services, railroads and potentially forestry and natural gas.

We are also considering participating in the solar energy sector to some degree which is benefitting from significant cost reductions, making the technology profitable on its own right without reliance on government subsidies.

Currently the fund is approximately 75% in cash and we are excited about turning the corner in our objective to achieve outsized returns.

We will be forever vigilant in being early to return to the mining and metals equities when the tides turn.

Top Five Non-Cash Holdings

PD	Precision Drilling	12.10%
TDG	Trinidad Drilling Ltd	11.97%
S	Sherritt Intl Corp	9.95%
TCK	Teck Res Ltd	9.84%
AST	Astur Gold Corp	8.83%

About The Fund

The Ascenta Special Situations Resource Fund is a long-only, unleveraged equity fund focused on the natural resource and renewable energy sectors.

The Fund aims to provide long term capital growth, offering superior returns in a risk-managed equity portfolio consisting of:

- **high potential small companies**
- **highly liquid mature companies**

The Fund will capitalize on both macroeconomic cyclical price movements as well as shorter-term mispricing on an individual case-by-case basis. Rigorous due-diligence will assess:

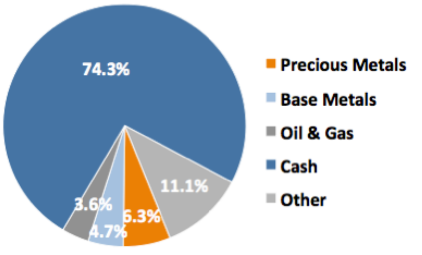
- **quality of management**
- **quality of assets**
- **accuracy of valuation**

Fund Price Performance: NAV Price History Since Inception

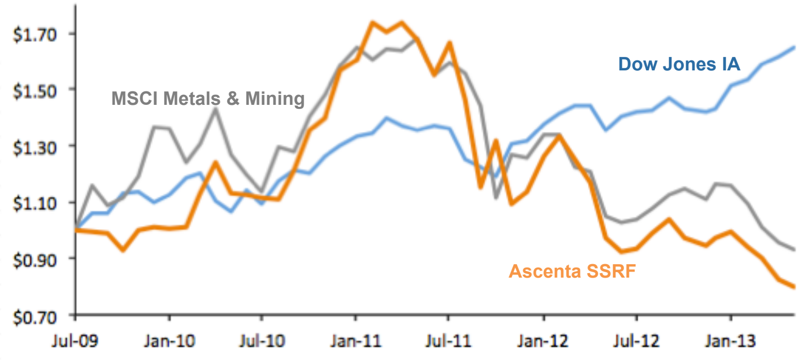
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2009							1.0000	0.9934	0.9877	0.9286	1.0018	1.0019	
								-0.66%	-0.57%	-5.98%	7.88%	0.01%	**0.19%**
2010	1.0077	1.0781	1.1285	1.2369	1.1284	1.1258	1.1119	1.1066	1.2117	1.3565	1.3996	1.5693	
	0.58%	6.99%	4.67%	9.61%	-8.77%	-0.23%	-1.23%	-0.48%	9.50%	11.95%	3.18%	12.12%	**56.63%**
2011	1.6051	1.7372	1.7035	1.7366	1.6756	1.5515	1.6647	1.4652	1.1500	1.3151	1.0933	1.1376	
	2.28%	8.23%	-1.94%	1.94%	-3.51%	-7.41%	7.30%	-11.98%	-21.51%	14.36%	-16.87%	4.05%	**-27.51%**
2012	1.2588	1.3342	1.2517	1.1688	0.9696	0.9237	0.9359	0.9899	1.0366	0.9704	0.9448	0.9742	
	10.65%	5.99%	-6.18%	-6.62%	-17.04%	-4.73%	1.32%	5.77%	4.72%	-6.39%	-2.64%	3.11%	**-14.36%**
2013	0.9955	0.9394	0.8991	0.8258	0.7986								
	2.19%	-5.64%	-4.29%	-8.15%	-3.29%								**-18.03%**

Net Asset Value (NAV) Monthly Change

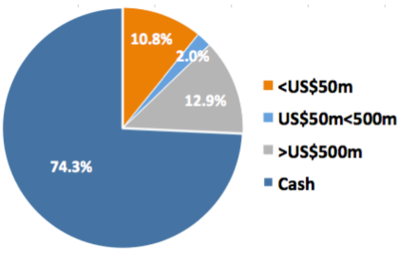
Portfolio By Sector



Ascenta Special Situations Resource Fund: Comparative Performance



Portfolio By Market Capitalisation



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Fund Facts

Legal Structure:	Incorporated Cell Corp
Minimum Investment:	USD10,000
Subsequent Investments:	USD5,000
Dealing:	Weekly
Liquidity:	Weekly
Currency:	USD
Investment Advisor:	Ascenta Asset Management Ltd
Administrator:	Fund Corporation (Channel Islands)
Portfolio Manager:	Wolverton Securities
Launch Date:	July 31, 2009
Launch Price	USD1.00
Fund Type:	Open-ended
Fund Domiciled:	Guernsey
Bloomberg (CAD):	ASSSRUS GU
ISIN (CAD):	GG00B3QQ3G95
SEDOL (CAD):	B3QQ3G9

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