

ValueWorks

quality assets. compelling valuations.

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ValueWorks Capital Appreciation Composite

Q2 2008

VALUEWORKS' CAPITAL APPRECIATION COMPOSITE:

The objective of our Capital Appreciation accounts is to provide core holdings and risk adjusted returns for clients who want long-term exposure to equity markets. Holdings are predominantly Large Cap US equities, but may include alternative capitalization, debt and preferred instruments to gain equity level returns on complimentary investment vehicles. Typical portfolios have 25 - 30 individual investments allowing for in-depth knowledge of each investment while avoiding over-diversification.

PHILOSOPHY:

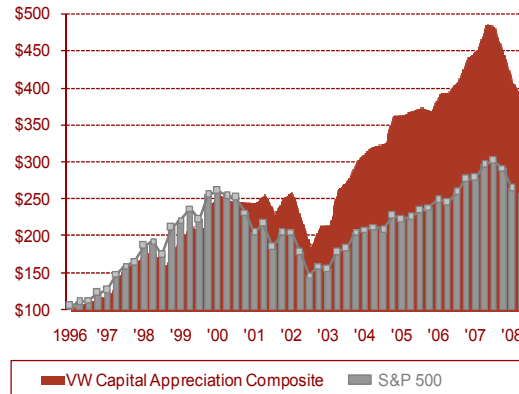
At ValueWorks we define value investing as buying the best-quality assets at the best possible prices. We like to think of ourselves as bargain hunters: it is our goal to pay only \$0.50 to \$0.75 for \$1.00 worth of assets. We evaluate the component parts of a company, assigning each of its assets a dollar value that, when added together, comprises the underlying value of the company; if this is higher than the company's stock price, we consider it an investment opportunity.

PORTFOLIO MANAGER:

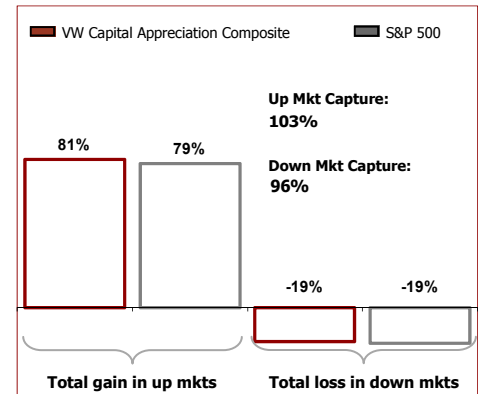
Charles Lemonides CFA has 20 plus years of investment experience. He founded ValueWorks in 2001 to broaden distribution of his value-based investment philosophy and has served continuously as the manager of these accounts since the composite's inception. Before ValueWorks Mr. Lemonides was the Chief Investment Officer at M&R Capital and Gruntal & Co.'s Sterling Advisers. Before assuming the responsibilities of Portfolio Manager at Sterling, Mr. Lemonides worked at Gruntal as an analyst covering distressed debt, arbitrage opportunities and takeover stocks.



GROWTH OF \$100



MARKET CAPTURE RATIOS (OVER 5 YEARS)



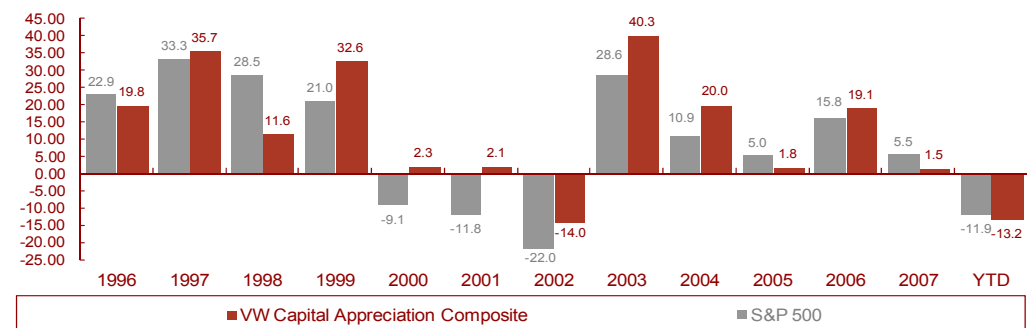
TRAILING PERFORMANCE

	ValueWorks (gross)		S&P 500	
	annualized	cumulative	annualized	cumulative
10 year	7.97	115.36	2.90	33.09
5 Year	8.04	47.18	7.59	44.20
3 Year	1.60	4.89	4.43	13.90
1 Year	-20.16	-20.16	-13.11	-13.11

PERFORMANCE STATISTICS & RISK MEASURES

	Beta	Alpha	Sharpe (rf = 4%)	R-sq
10 year	0.94	8.74	0.23	0.84
5 Year	0.95	0.85	0.39	0.82
3 Year	0.97	-2.72	-0.23	0.83
1 Year	-	-	-3.78	0.88

YEARLY PERFORMANCE



HISTORICAL QUARTERLY RETURNS VS THE INDEX (IN %)

	ValueWorks (gross)				S&P 500			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2008	-9.17	-4.47			-9.44	-2.72		
2007	2.58	7.54	-0.71	-7.33	0.64	6.27	2.03	-3.33
2006	6.59	0.12	3.56	7.74	4.21	-1.44	5.66	6.69
2005	0.26	1.53	1.42	-1.38	-2.15	1.37	3.69	2.09
2004	4.03	2.35	0.71	11.94	1.69	1.72	-1.88	9.23
2003	0.10	22.07	4.60	9.78	-3.15	15.37	2.65	12.15
2002	3.91	-14.10	-16.59	15.54	0.27	-13.37	-17.24	8.44
2001	-0.18	4.99	-10.32	8.66	-11.82	5.85	-14.64	10.67
2000	7.29	-3.56	-0.36	-0.79	2.30	-2.65	-0.97	-7.82
1999	7.99	11.33	-7.56	19.28	4.98	7.04	-6.23	14.86
1998	9.39	1.48	-14.08	17.01	13.92	3.29	-9.93	21.26
1997	-0.89	20.60	12.20	1.15	2.70	17.42	7.48	2.86
1996	6.54	0.12	4.42	7.53	5.36	4.48	3.07	8.32

For more information about ValueWorks Capital Appreciation Composite and our other composites please visit valuelworksllc.com or call 212.819.1818

Past performance may not indicate future results. See additional disclosures and important information on the reverse of this page.

PROCESS:

1. Identification We monitor the financial markets to identify securities that match our investment criteria—focusing on opportunities that appear misunderstood by the general market.

2. Appraisal First we identify the assets; then we appraise them. This allows us to determine the company's *underlying value*. We then decide whether the assets are of high quality and therefore likely to appreciate over time.

3. Assessment Here we assess any claims against a company's assets; we then compare the market price of the claims to the company's *underlying value*.

If a particular security trades at a discount, we identify factors that could eliminate the valuation gap and increase its price. We then make a decision on the purchase of the security.

4. Re-Evaluation We continuously monitor our positions to determine if our original investment thesis still applies, taking necessary action to optimize our portfolio.

5. Exit We exit a position when a security either reaches full valuation or changes in its outlook invalidate part of our original thesis.

Year End	Total Firm	Composite Assets		Annual Performance Results			
	Assets (in Millions)	USD (in Millions)	Number of Accounts	Composite: Gross	Composite: Net	S&P 500	Composite Dispersion
2007	295	178	515	1.50%	0.15%	5.49%	5.93%
2006	267	159	411	19.08%	17.44%	15.79%	4.22%
2005	209	119	340	1.81%	0.31%	4.91%	3.73%
2004	165	78	158	20.03%	18.42%	10.88%	4.20%
2003	121	49	93	40.27%	38.25%	28.69%	4.71%
2002	75	33	58	-14.06%	-15.23%	-22.10%	3.53%
2001	85	36	51	2.05%	0.64%	-11.88%	8.31%
2000	80	35	69	2.28%	0.68%	-9.11%	6.64%
1999	81	36	79	32.56%	30.46%	21.04%	15.60%
1998	66	26	78	11.60%	9.68%	28.58%	6.03%
1997	39	9	30	35.65%	32.96%	33.36%	3.84%
1996	26	6	20	19.77%	17.13%	22.96%	4.06%

DISCLOSURES

Past performance is not indicative of future results.

Capital Appreciation Composite contains all accounts with a Capital Appreciation mandate. For comparison purposes the composite is measured against the S&P 500 Index.

ValueWorks has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

ValueWorks is a separate registered investment adviser. Prior to September 30th, 2001, ValueWorks was a subdivision of M&R Capital. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Gross returns are shown as supplemental information and are stated gross of all fees and transaction costs; net returns are reduced by all fees and transaction costs incurred. Wrap accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Wrap accounts make up 100% of the composite for all periods shown. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year beginning December 31, 2001. From January 1, 1996 to December 31, 2001 dispersion reflected an equal weighted dispersion. Additional information regarding the policies for calculating and reporting returns is available upon request.

The management fee schedule is as follows: Low and high rate for wrap sponsors: 1.25% and 2.75%, respectively. Fee schedules from individual wrap sponsors are available upon request. Actual investment advisory fees incurred by clients may vary.

The Capital Appreciation Composite was created December 31, 1995. Performance presented prior to October 1, 2001 occurred while the Portfolio Manager was affiliated with two prior firms and he was the only individual responsible for selecting the securities to buy and sell. ValueWorks' compliance with the GIPS standards has been verified for the period October 1, 2001 through December 31, 2007 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Capital Appreciation Composite beginning October 1, 2001. A copy of the verification report is available upon request.

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