

# ValueWorks

quality assets. compelling valuations.

Monthly Update--Capital Appreciation Composite

Aug-09

## ValueWorks' Results through July 2009

	July	Q2 2009	Q1 2009	YTD	1 year	Life of Comp (annualized)	Life of Comp (cumulative)
<b>Capital Appreciation (gross)</b>	<b>6.81</b>	<b>29.13</b>	<b>-6.58</b>	<b>28.86</b>	<b>-17.79</b>	<b>8.58</b>	<b>205.89</b>
<b>S&amp;P 500</b>	<b>6.76</b>	<b>15.92</b>	<b>-10.98</b>	<b>10.17</b>	<b>-22.08</b>	<b>5.31</b>	<b>102.00</b>
<b>Russell 1000 Value</b>	<b>6.20</b>	<b>16.32</b>	<b>-16.77</b>	<b>2.82</b>	<b>-25.52</b>	<b>6.11</b>	<b>123.81</b>

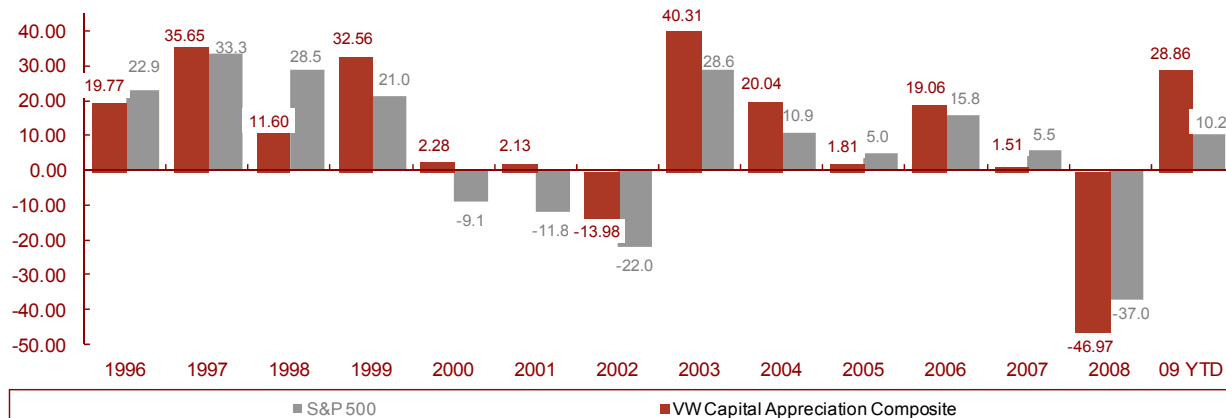
Suppose the following: imagine you are a Financial Consultant and in early March a client told you that they wanted to position their portfolio to capture a pending 5 month, 50% jump in the S&P. Alternatively, suppose you are a long-term investor in the stock market; imagine that in early March your Financial Consultant told you that they wanted to build you a portfolio that would take advantage that same 5 month, 50% run.

Chances are you would be taken aback, and rightly so. These are not the actions of serious long-term investors, but of speculators. An attempt to match portfolio construction to the direction and volatility of market moves is foolhardy and this timing game becomes more dangerous as markets go to extremes.

The alternative is to find a consistent investment discipline that makes sense in all environments—and stick with it. Having a rigorous investment discipline that will work to exploit all market conditions makes meeting long-term financial goals much more likely. This is not to say that one will always outperform a particular index, rather that the portfolio will always seek to be positioned to do well in a multitude of possible outcomes. This common sense approach is what keeps people invested for the long-term. And being invested long-term is the way to build wealth over time.

By consistently looking for places to buy \$1 worth of assets for 50 cents through the recent downturn, we made sure that our clients were positioned to take full advantage of the upswing that has recently lifted portfolios in the beginnings of a meaningful recovery. Being invested now is the only way to make sure that clients will participate in the market opportunities of the coming period.

### Calendar Year Results through July 2009: VW v SPX



The above benchmark indices are unmanaged indices. The benchmark performance numbers reflect the reinvestment of dividends and interest but do not reflect the deduction of any fees or expenses. ValueWorks' value investing style is not limited to the securities in any of the above indices and utilizes specific investment techniques which are not utilized in the above indices and which may or may not increase volatility. Returns include all dividends, interest, accrued interest and other cash flows received as they may result from the implementation of a particular investment strategy. Trade date accounting has been used. All results are time weighted. Accounts are included in composite at the start of the first full period under management. From 1996—Q1 1998 exiting accounts are included through the period in which they left. Starting in Q2 1998 exiting accounts are included through the last full period under management.

As of 6/30/2009 the Capital Appreciation Composite consisted of 240 accounts and \$60,452,138 in assets; while the Balanced Composite consisted of 76 accounts and \$30,912,488 in assets. Together this represents 99.06% of total accounts and 76.02% of total assets.

These results were generated at other firms prior to 9/30/2001. Results for other composites available on request.

**Past performance is not a guarantee of future results.**