

ValueWorks

quality assets. compelling valuations.

Preliminary Results

Q2 2008

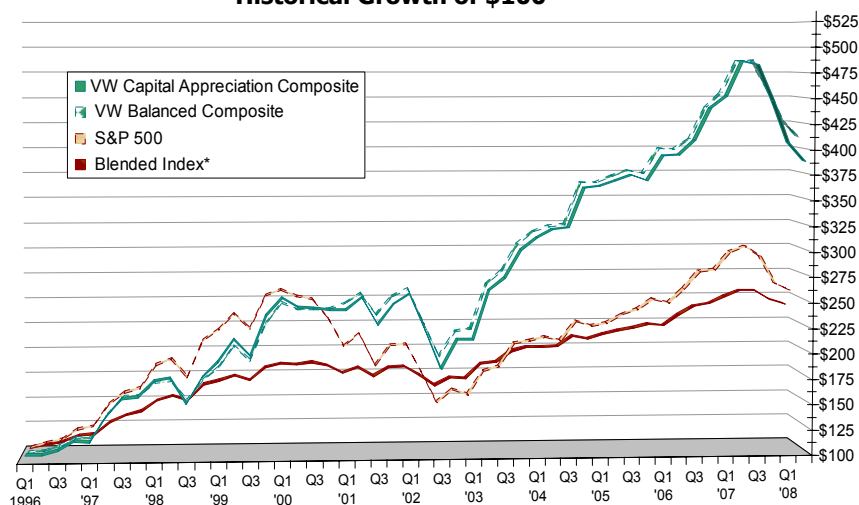
ValueWorks' Preliminary Results (annualized)

	Q2 2008	YTD	1 year	3 year	5 year	10 year
Capital Appreciation (gross)	-4.47	-13.23	-20.16	1.60	8.04	7.97
Balanced (gross)	-3.74	-10.39	-15.42	3.24	8.98	8.97
S&P 500	-2.72	-11.91	-13.11	4.43	7.59	2.90
Russell 1000 Value	-5.32	-13.58	-18.70	3.57	8.93	2.50
Blended Index*	-1.93	-5.34	-3.08	4.46	5.79	4.72

The overall extent of the recent decline, coupled with its intensity and duration in select sectors, is creating significant investment opportunity. ValueWorks has used this recent market decline to continue building exposure to quality names that have reached increasingly attractive levels.

Our portfolios have suffered downside compression as we have taken advantage of weakness in specific sectors. However these opportunities were starkly compelling when purchased, and are generally more compelling now. They range from: Boeing trading at less than 10 times earnings with 10-15% earnings growth; to Legg-Mason trading at 6 times operating cash flow; to Washington Mutual trading at 1.25% of assets; to The New York Times trading at a modest premium to the value of its internet business; to Micron trading at a discount to book value; to Pfizer trading at 8 times earnings (and a discount to its business exclusive of its Lipitor franchise); Dow Chemical trading at a level solely justified by its Dow Corning and Agricultural business; to the monoline insurers who stand to see ten-fold gains should the financial markets stabilize; to lastly, General Motors, the beleaguered auto giant that is currently has a lower market cap than Mattel, the maker of matchbox cars. These names should rebound dramatically as the market environment changes—which it inevitably will.

Historical Growth of \$100



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—Charles Lemonides, CFA

Historical Performance: 1996—Present

	Capital Appreciation			Balanced		
	Gross	Net	S&P 500	Gross	Net	Blended Index*
Cumulative Total	288.41	218.88	156.59	311.38	233.75	140.47
Annualized Total	11.47	9.72	7.83	11.98	10.12	7.27

*The Blended Index is comprised of 50% S&P 500 and 50% Merrill Lynch Domestic Master Bond In-

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 3/31/2008 the Capital Appreciation Composite consisted of 473 accounts and \$135,772,195 in assets; while the Balanced Composite consisted of 116 accounts and \$62,738,369 in assets. Together this represents 99.49% of total accounts and 84.13% 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.