

ValueWorks:

Redefining wealth management through critical thinking and independent research

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Capital Appreciation Composite

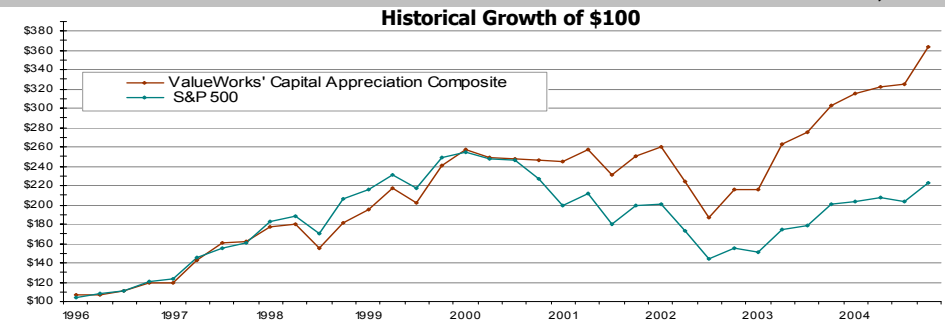
Fact Sheet Q4, 2004

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.

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.

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

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

Measures of Risk/Return vs S&P 500

	Beta	Alpha
3 years	1.02	9.50
5 years	0.89	10.67

Trailing Performance

	ValueWorks		S&P 500	
	annualized	cumulative	annualized	cumulative
1996-present	15.43	263.80	9.28	122.24
5 Year	8.64	51.35	-2.28	-10.88
3 Year	13.18	45.00	3.60	11.18
1 Year	20.14	20.14	10.87	10.87

5 Year Quarterly Market Capture Ratios (gross)

	# of Quarters	Cumulative Returns		
		ValueWorks	S & P 500	Percentage of Mkt Return
Up	11	145.69	95.55	152.48
Down	9	-38.40	-54.42	70.55
All	20	51.35	-10.88	N/A

Performance History through 12/31/2004

	Gross of Fees	Net of Fees	S&P 500
2004	20.14	18.68	10.87
2003	40.39	38.40	28.64
2002	-14.03	-15.30	-22.05
2001	2.05	0.64	-11.83
2000	2.28	0.68	-9.09
1999	32.56	30.46	21.03
1998	11.60	9.68	28.52
1997	35.65	32.96	33.32
1996	19.77	17.13	20.26

Historical Quarterly Results vs. Index

	ValueWorks (gross)				S&P 500			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2004	4.02	2.43	0.70	11.98	1.69	1.72	-1.88	9.23
2003	0.16	22.03	4.59	9.82	-3.15	15.37	2.65	12.15
2002	3.87	-13.89	-16.88	15.64	0.27	-13.37	-17.24	8.44
2001	-0.18	4.99	-10.32	8.58	-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	4.79	3.90	2.49	7.77

The above benchmark indices are unmanaged indices. Beta was calculated using the Blended Index as the market proxy. 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. Results for the full period are time weighted. Accounts are included in composite at the start of the first full month under management. Exiting accounts are included through the last full month under management.

The Capital Appreciation Composite consisted of 159 accounts and \$78,397,185 in assets as of 12/31/2004. This represents approximately 60.00% of the accounts and 48.98% of the assets managed by ValueWorks. These results were generated at other firms prior to 9/30/01. Information on other composites is available on request.

Past performance is not a guarantee of future results.