

Hedge Fund ALERT

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ValueWorks Backs Newell Play

Emboldened by double-digit annual returns the past two years, equity-fund manager **ValueWorks** has taken sides in an increasingly hostile proxy fight between consumer-product company **Newell Brands** and activist investor **Starboard Value**.

ValueWorks, a New York firm led by **Charles Lemonides**, recently took a 4% stake in Newell, with the expectation that Starboard Value founder **Jeffrey Smith** will succeed in his effort to replace the chief executive and board of Newell. The fact that **Carl Icahn** also has taken a stake in Newell, according to a Feb. 28 report in the **New York Post**, suggests Starboard Value's campaign is gaining momentum, Lemonides said.

Newell, whose portfolio of consumer brands runs the gamut from **Elmer's** glue to **Rubbermaid** containers to **Rawlings** baseball gloves, has struggled since paying \$15.4 billion for **Jarden Corp.** in 2016. Newell shares have plunged from nearly \$55 in mid-2017 to about \$27 today.

Starboard Value, which holds a 4% stake in Newell, is pushing to replace chief executive **Michael Polk** and the entire 11-member board. It has aligned itself with Jarden's former management team.

Lemonides sees Newell's stock rising to \$50 a share if Starboard Value succeeds in its campaign. ValueWorks also holds positions in **Brunswick** and **Qualcomm**, both of which have been targeted by activists pushing for operational changes.

ValueWorks runs \$65 million via a long-biased fund, ValueWorks LP, and another \$155 million in parallel separate accounts. The fund takes a deep-value approach to picking stocks, typically holding 25-30 positions at a time.

The strategy has proved highly volatile. Gains of 23.3% in 2012 and 68.8% in 2013 were followed by losses of 7.6% in 2014 and 33.1% in 2015. But ValueWorks rebounded dra-



matically, with gains of 66.5% in 2016 and 24.2% in 2017. The fund was up 2.6% in January.

Prior to launching ValueWorks in 2001, Lemonides worked at **M&R Capital** and **Gruntal & Co.**, whose alumni include **SAC Capital** founder **Steve Cohen**. ❖

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