

DEFINING OUR 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	Blended Index	Composite Dispersion
2014	229	42	53	4.92%	3.45%	8.84%	N/A
2013	252	44	56	38.65%	36.78%	14.08%	N/A
2012	167	35	65	12.28%	10.70%	10.46%	1.98%
2011	160	33	71	-3.70%	-5.03%	5.85%	1.85%
2010	165	38	74	12.48%	10.86%	11.30%	5.27%
2009	152	38	79	45.64%	43.53%	16.78%	5.15%
2008	112	33	91	-40.29%	-41.20%	-18.18%	4.82%
2007	295	76	128	4.06%	2.51%	6.45%	3.78%
2006	267	74	113	17.37%	15.61%	9.98%	3.26%
2005	209	65	120	2.29%	0.73%	3.80%	3.29%
2004	165	65	104	19.71%	18.04%	7.70%	4.01%
2003	121	52	84	39.07%	36.86%	16.16%	5.68%
2002	75	33	63	-13.69%	-15.24%	-6.15%	3.52%
2001	85	37	62	4.87%	3.10%	-1.29%	7.36%
2000	80	34	72	6.28%	4.35%	1.02%	5.50%
1999	81	36	73	31.32%	28.89%	9.95%	11.30%
1998	66	37	93	9.13%	7.15%	19.33%	7.63%
1997	39	24	54	34.81%	32.51%	21.18%	4.33%
1996	26	15	29	18.66%	16.54%	12.96%	3.60%

DISCLOSURES

PAST PERFORMANCE MAY NOT BE INDICATIVE OF FUTURE RESULTS.

The Balanced Composite contains all accounts with a Balanced mandate. ValueWorks has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). For comparison purposes the composite is measured against a 50/50 blend of S&P 500 and Merrill Lynch Master Bond Indices.

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. Investments in this strategy may lose value.

The above benchmark indices are unmanaged indices. Beta was calculated using the 50/50 Blend as the market proxy. Index 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 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 Balanced 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 was examined in 2007 by an external performance auditor and found to be in compliance with GIPS reporting standards for the period October 1, 2001 through December 31, 2007; the same methods continue to be used in performance presentation.

This material is approved for client use.

For more information about ValueWorks Balanced Composite and our other composites please visit valueworkslc.com or call 212.819.1818