

**MARKET BULLETIN: MARCH 5, 2019** 10 YEARS FROM THE BOTTOM

Tomorrow marks the ten-year anniversary of the 2009 market low.

At that time our portfolio was down a significant percentage over a year and a half. Three years ago, after a punishing commodity selloff, our portfolio was down a significant percentage over several quarters. In December our portfolio was down a significant percentage over several months.

In each of these trough moments the dominant demand was for downside protection and a decrease in exposure. That is not what we do. We build exposure as security prices become compelling. As a result we take valuation compression on the way down. We do that because we understand how markets work and we understand how to value businesses and securities. And ultimately we have confidence in our approach.

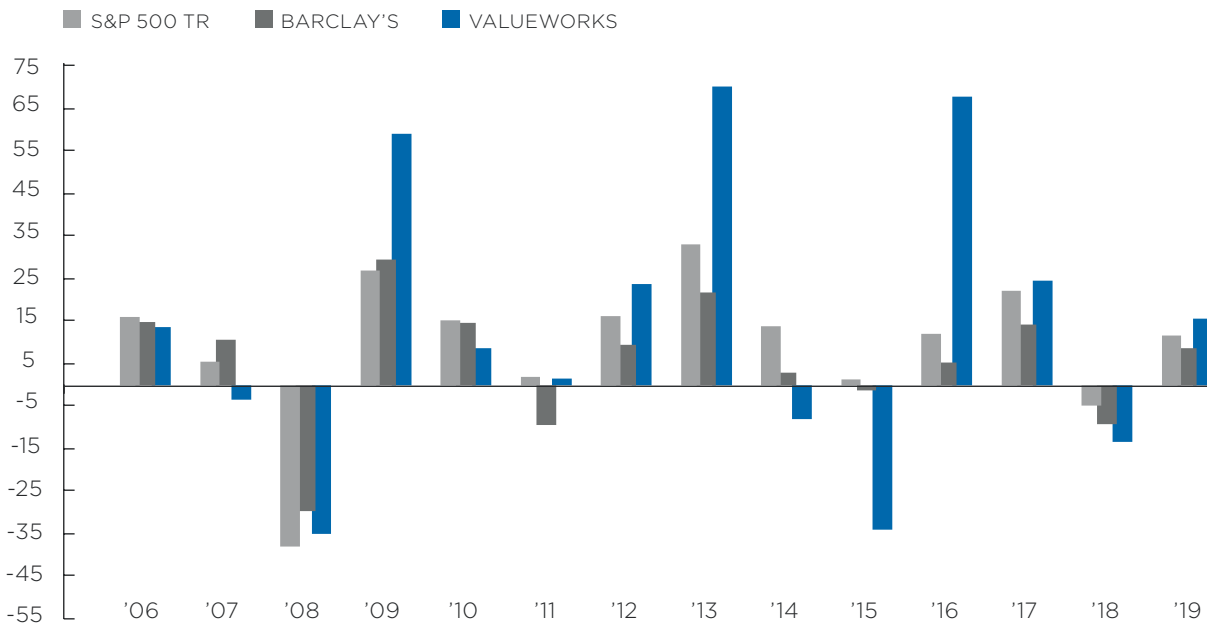
Since December 24, the date of the most recent market lows, our portfolio is up 21.4%. Over the past three years (a period which began as the commodity rout ended in 2016) our portfolio is up 126.4% or 31.3%

annually. Over the past ten years, from the market bottom of March 6 2009, our portfolio is up 722.5%, or 23.46% annually.\*

That is how wealth is built over time. Our investors understand this and use us to build that type of exposure.

The challenge in basic equity investing is not so much that it takes great brainpower. It takes discipline and confidence and conviction. Yes, it takes expertise to value a wide range of assets and to understand liabilities and prices. But in the end, the fundamental math is the arithmetic and algebra that we learn at an early age. If you need calculus, statistics and beyond to make the decision, it is no longer fundamental, bottom up value investing. Having the confidence to stay the course through turmoil separates stronger investors from weaker investors; it creates the opportunities that generate outsized returns. The math and basic skills many of us can master. The ability to weather the storms is only borne out over time.

—Charles Lemonides CFA



\* These returns are calculated from inter-month periods and therefore differ from our regular marketing materials which are calculated on month-end valuations.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>2019</b>	12.8	2.3										
2018	2.6	-0.4	-3.2	1.6	2.6	4.2	6.2	-1.1	1.9	-7.1	-4.7	-14.8
2017	5.0	6.8	-1.6	2.2	1.9	0.8	2.7	-0.3	1.4	-0.5	2.0	1.7
2016	-7.8	1.0	18.6	8.4	2.0	4.4	8.9	2.1	0.7	0.5	8.9	6.5
2015	-3.8	3.1	-5.4	-1.7	0.5	-5.8	-7.3	-8.7	-2.5	5.1	-7.3	-4.6
2014	-1.3	1.6	1.7	0.6	-0.3	0.0	-0.4	0.00	-5.8	0.8	0.3	-5.0
2013	17.3	1.0	14.3	1.4	11.0	-1.8	2.7	-0.7	2.00	3.0	1.9	3.3
2012	4.3	-0.2	4.6	0.3	-2.6	4.1	-0.6	-0.3	3.5	-0.4	5.9	2.5
2011	13.2	3.6	-1.0	2.0	2.0	-1.8	-0.1	-7.3	-13.3	11.7	-2.2	-2.3
2010	-1.9	0.3	8.3	1.9	-9.1	-5.3	6.1	-4.1	9.9	4.5	-2.7	2.1
2009	-5.4	-25.4	5.6	23.8	25.0	1.9	3.4	18.0	8.5	-10.0	-0.1	12.8
2008	4.7	-1.5	-7.7	5.5	-4.7	-9.7	-4.0	14.3	-16.6	-10.9	-16.9	12.7
2007	1.6	-0.9	-0.6	4.00	3.1	-0.7	-2.4	-1.3	2.6	-0.6	-4.3	-3.4
2006	0.0	0.7	0.7	1.6	-0.2	-1.1	2.9	0.4	1.7	3.3	1.3	1.4

## PROFILE

**INCEPTION:** JANUARY 2006

**GENERAL PARTNER:** VALUEWORKS CAPITAL LLC

**AUDITORS:** KPMG LLP

**LEGAL COUNSEL:** SEWARD & KISSEL LLP

**ADMINISTRATOR:** APEX FUND SVCS LTD

## REPORTING

**MONTHLY:** CAPITAL ACCOUNT VALUATION

**QUARTERLY:** PARTNERS' LETTER,  
CAPITAL ACCOUNT VALUATION

**ANNUALLY:** K-1 FORM

AUDITED FINANCIAL STATEMENTS

## STRUCTURE

**VEHICLE TYPE:** HEDGE FUND

**MINIMUM INVESTMENT:** \$1,000,000

**SUBSCRIPTIONS:** MONTHLY, PRIOR TO MONTH'S END

**REDEMPTIONS:** QUARTERLY, WITH 60 DAYS NOTICE

**LOCKUP PERIOD:** ONE YEAR

**MANAGEMENT FEE:** 1.5% OF AUM

**LEGAL ENTITY:** ONSHORE; 3C1

**INCENTIVE ALLOCATION:** 20% OF PROFITS HIGH WATER MARK

**TARGET INVESTMENT RANGES:**

75-125% NET LONG

80-150% GROSS LONG

0-35% GROSS SHORT

YEAR END	TOTAL FIRM	COMPOSITE ASSETS		ANNUAL PERFORMANCE RESULTS				
	ASSETS (MILLIONS)	USD (MILLIONS)	NUMBER OF ACCOUNTS	COMPOSITE GROSS	COMPOSITE NET	S&P 500	BARCLAY EQUITY LONG BIAS	COMPOSITE DISPERSION
2018	164	58	<5	-11.25%	-12.98%	-4.63%	-8.32%	N.A.
2017	208	66	< 5	31.80%	24.21%	21.84%	13.93%	N.A.
2016	175	52	< 5	69.54%	65.32%	11.98%	5.91%	N.A.
2015	143	51	< 5	-25.19%	-26.12%	1.41%	-0.94%	N.A.
2014	229	92	< 5	-4.69%	-5.84%	13.68%	2.99%	N.A.
2013	252	115	< 5	94.81%	70.98%	32.40%	21.48%	N.A.
2012	167	62	< 5	31.78%	25.41%	15.98%	9.28%	N.A.
2011	160	52	< 5	1.38%	-0.53%	0.82%	-9.44%	N.A.
2010	165	47	< 5	14.01%	10.43%	15.05%	14.43%	N.A.
2009	152	36	< 5	61.61%	56.57%	26.48%	28.93%	N.A.
2008	113	20	< 5	-47.91%	-48.42%	-36.98%	-28.78%	N.A.
2007	294	39	< 5	1.37%	0.39%	5.49%	10.05%	N.A.
2006	267	33	< 5	39.48%	33.46%	15.79%	14.66%	N.A.
2005	209	18	< 5	10.36%	8.64%	4.91%	12.28%	N.A.
2004	165	17	< 5	41.06%	33.83%	10.88%	13.27%	N.A.
2003	121	18	< 5	79.64%	75.91%	28.69%	30.20%	N.A.
2002	75	10	< 5	-20.74%	-20.74%	-22.10%	-5.52%	N.A.
2001	85	13	< 5	2.77%	2.77%	-11.88%	5.49%	N.A.
2000	80	11	< 5	-6.35%	-6.85%	-9.11%	3.73%	N.A.
1999	81	9	< 5					N.A.

NA - The information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. Audited, GIPs-compliant performance numbers presented above are for the composite of which VWLP is a member.

The performance of Barclay's Equity Long Bias Index is estimated from 49 funds reporting as of 3/5/2019.

## DISCLOSURES

### PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

ValueWorks claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ValueWorks has not been independently verified. 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. Leverage/ Derivatives may make up a material part of the composite strategy. Strategy involves long positions that can total 150% of capital and short positions that can total 35% of capital. Investments in this strategy may lose value.

The above benchmark indices are unmanaged indices. Beta was calculated using the S&P 500 as the market proxy. The S&P 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. Returns presented on p1 are net of management fees and include the reinvestment of all income. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request. The investment management fee schedule for the composite is as follows: Management Fee, 1.5%; Performance Allocation, 20%. Individual accounts can negotiate. Actual investment advisory fees incurred by clients may vary. The 125/25 Hedged Composite was created September 30, 1999.

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