

ValueWorks:

Redefining wealth management through critical thinking and independent research

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CAPITAL APPRECIATION COMPOSITE

FACT SHEET- 4TH QUARTER 2003

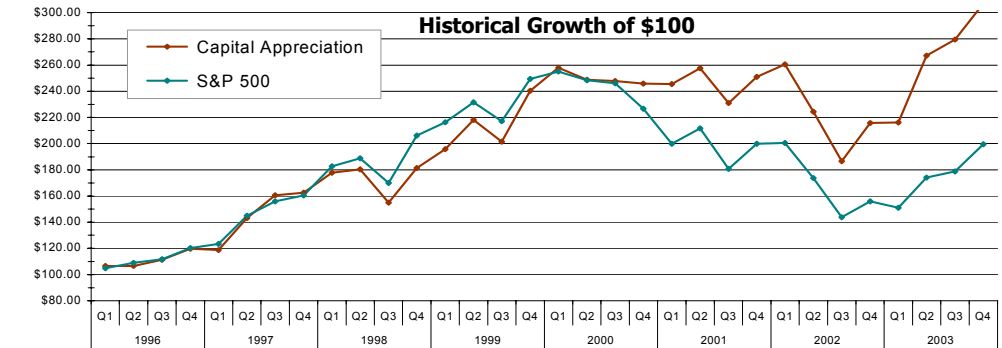
Philosophy:

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.

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.

Measures of Risk/Return vs S&P 500

| | Beta | Alpha |
|---------|------|-------|
| 3 years | 0.89 | 11.36 |
| 5 years | 0.95 | 11.70 |

Trailing Performance (in %)

| | ValueWorks | | S&P 500 | |
|-----------|------------|------------|------------|------------|
| | annualized | cumulative | annualized | cumulative |
| 1996-2003 | 15.57 | 206.87 | 9.32 | 99.54 |
| 5 Year | 11.10 | 69.24 | -0.64 | -3.15 |
| 3 Year | 7.67 | 24.82 | -4.16 | -11.98 |
| 1 Year | 42.27 | 42.27 | 28.05 | 28.05 |

5 Year Quarterly Market Capture Ratios (gross)

| | # of Quarters | Cumulative Returns | | Percentage of Mkt Return |
|------|---------------|--------------------|-----------|--------------------------|
| | | ValueWorks | S & P 500 | |
| Up | 11 | 199.26 | 122.36 | 162.85 |
| Down | 9 | -43.45 | -56.45 | 76.97 |
| All | 20 | 69.24 | -3.15 | N/A |

Performance History through Q3 2003 (in %)

| | Gross of Fees | Net of Fees | S&P 500 |
|------|---------------|-------------|---------|
| | 2003 | 42.27 | 40.24 |
| 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 (in %)

| | ValueWorks (gross) | | | | S&P 500 | | | |
|------|--------------------|--------|--------|-------|---------|--------|--------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 2003 | 0.16 | 23.66 | 4.59 | 9.82 | -3.15 | 15.37 | 2.65 | 11.64 |
| 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 S&P 500 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 93 accounts and \$49,480,316 in assets as of 12/31/03. This represents approximately 52% of the accounts and 41.5% of the assets managed by ValueWorks LLC. These results were generated at other firms prior to the fourth quarter of 2001. Results for other composites are available upon request.

Past performance is not a guarantee of future results.