

ValueWorks

critical thinking. independent research.

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ValueWorks Long-Biased Composite

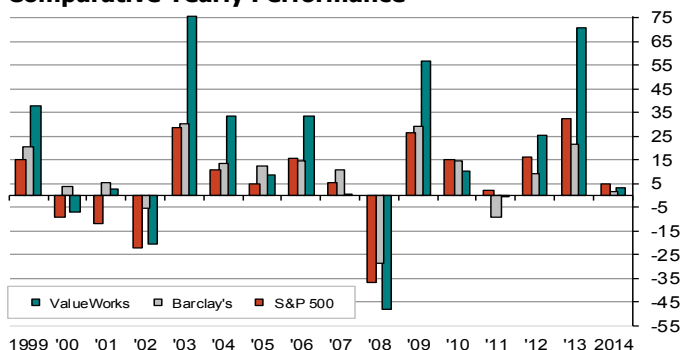
May 2014

Strategy Summary

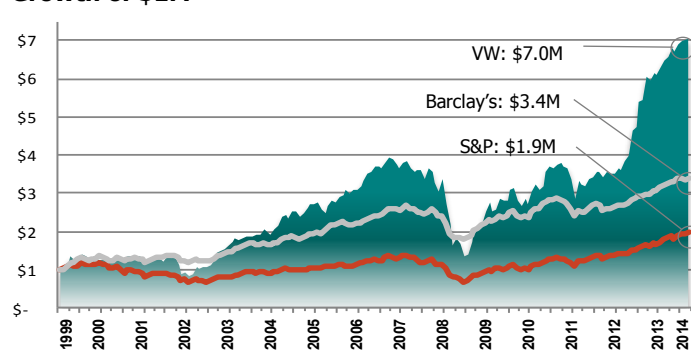
ValueWorks' long-biased composite accounts are managed with a bottom-up, research-driven, value discipline. We seek investments in publicly traded entities where a disparity exists between the value of a company's underlying assets and the price at which they can be controlled through a specific security; securities across the capital structure are evaluated for the best risk return profiles. The objective for these portfolios is to generate superior capital appreciation with average market volatility. We target 100% net-long exposure within a range of 75% - 125%, comprised of 80-150% gross-long exposure and 0-35% gross-short exposure. Our hedge fund, VWLP, is part of this group.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly	AUM (mil)	
2014	-1.32	2.50	1.54	0.67	-0.21								3.18	\$114.8	2014
2013	16.88	1.49	13.83	1.43	11.13	-1.56	2.89	-0.66	2.94	3.12	1.78	3.34	70.98	\$115.1	2013
2012	6.28	1.02	5.18	-0.74	-4.26	4.42	-1.58	0.64	3.59	-0.66	6.25	3.34	25.41	\$62.4	2012
2011	12.09	4.21	-1.64	2.41	1.22	-2.19	-0.98	-7.51	-15.25	15.28	-2.55	-2.07	-0.53	\$52.1	2011
2010	-1.97	0.27	9.64	1.31	-9.96	-5.41	6.10	-4.12	11.90	5.76	-4.03	2.78	10.43	\$44.0	2010
2009	-7.92	-20.24	4.90	21.54	23.33	-0.64	4.94	13.27	9.59	-7.48	1.06	12.03	56.57	\$36.0	2009
2008	0.63	0.64	-6.37	8.45	-2.61	-8.56	-6.84	10.94	-19.29	-18.95	-25.16	11.31	-48.42	\$20.3	2008
2007	4.33	-0.75	-1.37	4.84	3.90	-1.21	-3.59	-2.80	3.44	1.61	-5.31	-2.06	0.39	\$39.1	2007
2006	6.00	-1.70	5.06	1.80	3.46	-2.16	2.39	1.23	1.68	5.33	5.44	1.08	33.46	\$32.7	2006
2005	-3.30	6.98	-0.02	-5.63	4.61	4.55	4.80	-0.52	1.53	-6.25	-3.53	6.42	8.76	\$18.4	2005
2004	2.18	0.95	-0.26	1.08	1.74	5.64	-3.88	-1.36	6.36	4.78	9.58	3.35	33.75	\$16.0	2004
2003	2.45	1.08	4.49	14.90	12.67	3.82	1.13	7.48	4.84	5.92	-1.77	2.02	76.00	\$18.1	2003
2002	-1.87	-4.57	9.68	-2.14	1.76	-15.75	-19.12	1.62	-9.92	7.41	19.38	-3.10	-20.73	\$10.0	2002
2001	6.14	-4.15	0.23	4.82	0.78	-0.91	-0.77	-1.72	-7.45	-1.52	8.15	0.18	2.79	\$12.7	2001
2000	-6.86	5.13	5.05	-3.05	-4.19	-2.92	-1.38	0.90	0.52	-3.77	-1.70	6.15	-6.84	\$10.7	2000
1999										10.67	8.14	15.19	37.86	\$9.0	1999

Comparative Yearly Performance



Growth of \$1M



ValueWorks' Risk and Return

	Beta	Alpha	Monthly Std Dev
Life	1.22	8.43	7.13
10 Years	1.35	3.22	7.34
5 Years	1.19	5.01	6.10
3 Years	1.28	3.39	5.87
1 Years	0.49	5.81	1.73

Trailing Returns: Annualized

	ValueWorks Long-biased	Barclay Long Bias	S&P 500 Total Rtn
Life	14.24	8.66	4.75
10 Year	13.71	7.33	7.76
5 Year	26.93	10.67	18.36
3 Year	22.71	6.20	15.09
1 Year	15.91	12.98	20.44
YTD	3.18	1.75	4.96

10 Year Statistical Comparisons

	ValueWorks Long-biased	Barclay Long Bias (BLB)	S&P 500 Total Rtn
Avg Month	1.37	0.62	0.68
Best Month	23.33	6.64	10.93
Worst Month	-25.16	-11.80	-16.80
Ann. Std Dev	25.42	10.40	14.69
Sharpe (1%)	0.50	0.61	0.46
Treynor (1%)	10.84	7.66	3.75
R-sq vs S&P	0.622	0.713	-
R-sq vs BLB	0.628	-	0.713

10 year Correlation Analysis

S&P's positive months	81
VW appreciation in positive months	3320.65%
S&P's appreciation in positive months	1045.42%
Up market capture	317.64%
Number of S&P's negative months	39
VW loss in negative months	-89.11%
SPX loss in negative months	-79.81%
Down market capture	111.66%

*VWLP returns are shown NET of fees. Information for other composites is available on request. See p 2 for additional disclosure information.

Past performance may not be indicative of future results.

Discussion of Process

As our name implies, we are value investors. It is our goal to buy the best quality assets at the best possible price; to gain a claim on a company's assets at a discount to their value. In a long opportunity it is our intention to pay \$0.50 - \$0.75 for \$1.00 of assets; on the short side, we aim to sell \$1.00 in assets for \$1.50 - \$2.00. The portfolio will generally consist of 15 - 25 names, each representing 3 - 8% of invested capital and diversified across all market sectors. Investment typically ranges from 75 - 125% net long; generally achieved by combining 80 - 150% gross long exposure with 0 - 35% gross short exposure. Our objective is to produce superior capital appreciation with average market volatility.

Our investment philosophy begins with a straightforward premise: at their most fundamental, companies are collections of assets and securities are claims on these assets. We believe our expertise is in valuing a wide range of asset types and the claims against them.

To identify investments we evaluate the component parts of a company, assigning each of its assets a dollar value that, when added together, comprise the company's underlying value. If there is a discrepancy between this value and the security price, we then look at the quality of the assets and consider factors that could close the valuation gap; next we consider the other securities available in the capital structure to find the one with the best risk/reward profile. Detailed examination of the financial statements is the backbone of this process.

Reporting

Quarterly:

Partners' Letter
Capital Account Valuation

Legal Counsel:

Seward & Kissel LLP

Structure

Minimum Investment:

\$1,000,000

Management Fee:

1.5% of AUM

Incentive Allocation:

20% of profits

High water mark

Target Investment Ranges:

75-125% Net Long

80-150% Gross Long

0-35%Gross Short

Year	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
2013	252	115	Five or fewer	94.81%	70.98%	32.40%	21.48%	N.A.
2012	167	62	Five or fewer	31.78%	25.41%	15.98%	9.28%	N.A.
2011	160	52	Five or fewer	1.38%	-0.53%	0.82%	-9.44%	N.A.
2010	165	47	Five or fewer	14.01%	10.43%	15.05%	14.43%	N.A.
2009	152	36	Five or fewer	61.61%	56.57%	26.48%	28.93%	N.A.
2008	113	20	Five or fewer	-47.91%	-48.42%	-36.98%	-28.78%	N.A.
2007	294	39	Five or fewer	1.37%	0.39%	5.49%	10.05%	N.A.
2006	267	33	Five or fewer	39.48%	33.46%	15.79%	14.66%	N.A.
2005	209	18	Five or fewer	10.36%	8.64%	4.91%	12.28%	N.A.
2004	165	17	Five or fewer	41.06%	33.83%	10.88%	13.27%	N.A.
2003	121	18	Five or fewer	79.64%	75.91%	28.69%	30.20%	N.A.
2002	75	10	Five or fewer	-20.74%	-20.74%	-22.10%	-5.52%	N.A.
2001	85	13	Five or fewer	2.77%	2.77%	-11.88%	5.49%	N.A.
2000	80	11	Five or fewer	-6.35%	-6.85%	-9.11%	3.73%	N.A.
1999	81	9	Five or fewer					

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

The performance of Barclay Equity Long Bias index is estimated from 171 funds reporting as of 6/11/2014

DISCLOSURES

Past performance is not indicative of future results.

ValueWorks has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). 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. 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.

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 are presented above gross and 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 is 1.5%; Performance Allocation is 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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