

Hedge Fund **ALERT**

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Value Investor Crushing the Market

ValueWorks has regained its touch picking stocks and bonds.

The long-biased ValueWorks Limited Partners fund, run by veteran value investor **Charles Lemonides**, was up 19.7% year-to-date at the end of April, versus a 1.8% return for the S&P 500 Index. The strong performance marks a return to form for a shop that lost money in 2014 and 2015 after 15 years of mostly outsized returns — including gains of 76% in 2003, 56.6% in 2009 and 71% in 2013. Since 1999, Lemonides has produced an 11% annualized return.

Last year, the ValueWorks Long-Biased Composite program, including separate accounts, fell 26.1% — its second-worst annual loss. In 2014, the vehicle dropped 5.8%.

Its rebound this year is all the more impressive considering that Lemonides strives for 100% net long market exposure, with gross exposure of up to 150%. ValueWorks posted a one-month return of 18.6% in March and followed that up with an 8.4% gain in April. Its winning long positions included **Cliffs Natural Resources** corporate bonds and, on the equity side, **Bombardier**. The firm also profited from a short position in **Alexion Pharmaceuticals**.

ValueWorks had \$156 million under management as of April 30, with its hedge fund accounting for about a third of the total. The fund, which launched in 2006, has generated a 6.6% annualized return.

Lemonides' track record stretches back to 1999, when he ran a firm called **M&R Capital**. He formed ValueWorks in 2001. ❖

