

CAPITAL APPRECIATION COMPOSITE FOURTH QUARTER 2014

VALUEWORKS' CAPITAL APPRECIATION COMPOSITE

Capital Appreciation accounts offer diversified core equity exposure for long-term investors seeking disciplined value management. Portfolios contain primarily large capitalization U.S. equities, but may also include securities senior in the capital structure and/or smaller capitalization and foreign domiciled equities, to enhance return opportunities and mitigate risk. Typical portfolios have 25-35 individual investments allowing for in depth knowledge of and high conviction in each holding, while avoiding over diversification that may limit performance. We manage risk by limiting individual security and sector exposure.

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.

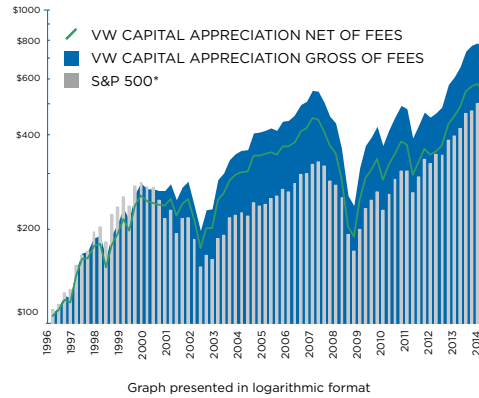
PORTFOLIO MANAGER



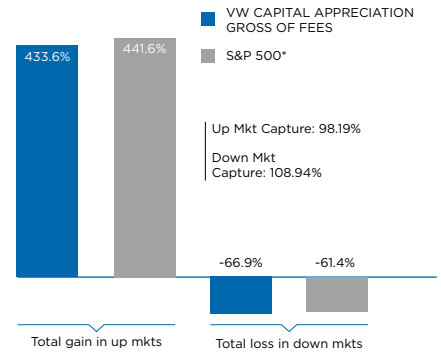
Charles Lemonides, CFA, has 29 plus years of investment experience. Before founding ValueWorks in 2001 Mr. Lemonides managed portfolios for 5 years and worked for nearly 10 years as a securities analyst at

Gruntal & Co. In his coverage of distressed debt, arbitrage opportunities and takeover stocks, Mr. Lemonides honed skills in financial markets, statement analysis and in valuing a diverse range of businesses and assets that continue to inform his investment decisions and philosophy today. He is a frequent guest in the financial media: CNBC, Bloomberg and in the Wall St. Journal.

GROWTH OF \$100



MARKET CAPTURE RATIOS (over 10 years)



TRAILING PERFORMANCE DATA

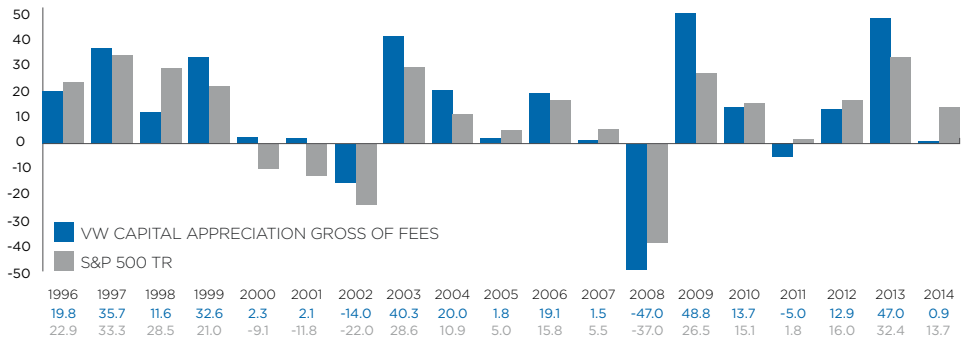
	ValueWorks (gross)		S&P500*	
	annualized	cum	annualized	cum
1 year	0.88	0.88	13.68	13.68
3 years	18.76	67.49	20.41	74.57
5 years	12.69	81.72	15.39	104.55
10 years	5.84	76.48	7.64	108.87
Life#	10.28	542.01	8.54	374.39

PERFORMANCE STATISTICS & RISK MEASURES

	Beta	Alpha	Sharpe: 2% (1-bill, 5yr av)	R-sq
1 year	0.70	-8.71	-0.16	0.24
3 years	0.95	-0.69	1.42	0.62
5 years	1.03	-3.16	0.65	0.85
10 years	1.14	-2.85	0.19	0.88
Life#	1.03	1.46	0.43	0.85

#Composite start: Jan 1, 1996

YEARLY PERFORMANCE



HISTORICAL QUARTERLY RETURNS VS THE INDEX (IN%)

VALUEWORKS (net)

	Q1	Q2	Q3	Q4
2014	3.21	1.96	-5.81	0.52
2013	16.19	5.11	6.79	11.37
2012	9.30	-3.75	2.36	3.53
2011	8.59	-2.59	-18.28	8.98
2010	7.59	-13.01	10.94	8.00
2009	-6.89	28.73	16.06	5.61
2008	-9.48	-4.78	-15.56	-28.13
2007	2.23	7.17	-1.04	-7.64
2006	6.22	-0.22	3.20	7.35
2005	-0.11	1.15	1.05	-1.73
2004	3.64	1.98	0.31	11.70
2003	-0.26	21.63	4.21	9.37
2002	3.52	-14.41	-16.91	15.15
2001	-0.56	4.71	-10.67	8.28
2000	6.88	-3.96	-0.75	-1.18
1999	7.53	10.86	-7.88	18.80
1998	8.93	1.05	-14.49	16.53
1997	-1.44	20.02	11.66	0.66
1996	5.89	-0.44	3.87	6.96

S&P 500 TR

	Q1	Q2	Q3	Q4
2014	1.80	5.24	1.12	4.93
2013	10.61	2.92	5.25	10.51
2012	12.58	-2.75	6.35	-0.38
2011	5.92	0.10	-13.97	11.65
2010	5.38	-11.42	11.30	10.74
2009	-10.98	15.91	15.60	6.04
2008	-9.44	-2.72	-8.45	-21.94
2007	0.64	6.27	2.03	-3.33
2006	4.21	-1.44	5.66	6.69
2005	-2.15	1.37	3.69	2.09
2004	1.69	1.72	-1.88	9.23
2003	-3.15	15.37	2.65	12.15
2002	0.27	-13.37	-17.24	8.44
2001	-11.82	5.85	-14.64	10.67
2000	2.30	-2.65	-0.97	-7.82
1999	4.98	7.04	-6.23	14.86
1998	13.92	3.29	-9.93	21.26
1997	2.70	17.42	7.48	2.86
1996	5.36	4.48	3.07	8.32

*Index returns include the reinvestment of dividends and interest. See p2 for important disclosure information.

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	S&P 500	Composite Dispersion
2014	231	95	142	0.88%	-0.36%	13.68%	N/A
2013	252	93	134	47.03%	45.24%	32.40%	2.54%
2012	167	70	150	12.92%	11.49%	15.98%	1.84%
2011	160	75	193	-4.58%	-5.80%	1.85%	1.64%
2010	165	81	221	13.71%	12.15%	15.04%	5.25%
2009	152	78	241	48.83%	46.92%	26.48%	7.86%
2008	112	58	311	-46.97%	-47.68%	-36.96%	8.58%
2007	295	178	515	1.50%	0.14%	5.49%	5.93%
2006	267	159	411	19.08%	17.44%	15.79%	7.25%
2005	209	119	340	1.81%	0.31%	4.91%	3.73%
2004	165	78	158	20.03%	18.42%	10.88%	4.20%
2003	121	49	93	40.31%	38.29%	28.69%	4.71%
2002	75	33	58	-13.97%	-15.23%	-22.10%	3.53%
2001	85	36	51	2.05%	0.64%	-11.88%	8.31%
2000	80	35	69	2.28%	0.68%	-9.11%	6.64%
1999	81	36	79	32.56%	30.46%	21.04%	15.60%
1998	66	26	78	11.60%	9.68%	28.58%	6.03%
1997	39	9	30	35.65%	32.96%	33.36%	3.84%
1996	26	6	20	19.77%	17.13%	22.96%	4.06%

DISCLOSURES

PAST PERFORMANCE MAY NOT BE INDICATIVE OF FUTURE RESULTS.

The Capital Appreciation Composite contains all accounts with a Capital Appreciation 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 the S&P 500 Index.

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 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. 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 Capital Appreciation 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 Capital Appreciation Composite and our other composites please visit valueworksllc.com or call 212.819.1818