

ValueWorks

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ValueWorks Long-Short Composite

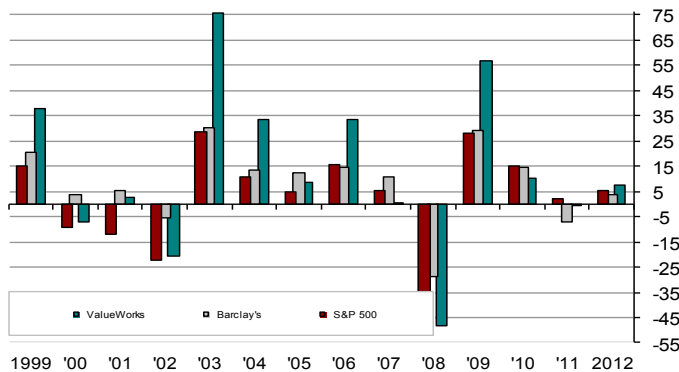
May 2012

Strategy Summary

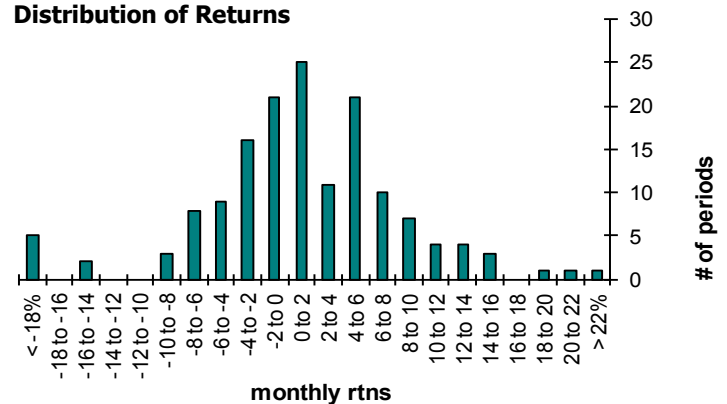
ValueWorks' Long-Short Composite is comprised of long biased, leveraged, value based investment products. The objective of this group of accounts is to generate superior capital appreciation with only average market volatility. Each account in the composite employs a bottom-up, research driven, value discipline and invests in marketable securities of public companies. This strategy targets a net long exposure of 100%, comprised of a target gross long exposure of 125% and gross short exposure of 25%. By utilizing a value discipline, the manager seeks investment opportunities 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.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly	AUM (mil)	
2012	6.28	1.02	5.18	-0.74	-4.26								7.31	\$50.5	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	75.91	\$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



Distribution of Returns



ValueWorks' Risk and Return

	Beta	Alpha	Monthly Std Dev
1 Years	1.24	-9.52	7.19
3 Years	1.19	-1.30	6.85
5 Years	1.37	-2.01	9.31
10 Years	1.38	3.89	7.91

Trailing Returns: Annualized

	ValueWorks WLP	Barclay Long Biased	S&P 500 Total Rtn
1 Year	-10.37	-6.28	-0.68
3 Year	16.92	9.31	15.29
5 Year	-2.99	0.62	-0.72
10 Year	9.72	6.92	4.24

10 Year Statistical Comparisons

	ValueWorks WLP	Barclay Long Biased (BLB)	S&P 500 Total Rtn
Avg Month	0.99	0.65	0.16
Best Month	23.33	9.40	9.78
Worst Month	-25.16	-11.80	-16.80
Ann. Std Dev	25.67	11.65	16.19
Sharpe (1%)	0.36	0.60	0.07
Treynor (1%)	7.51	7.03	1.11
Correlation w S&P	0.603	0.718	-
Correlation w BLB	0.602	-	0.718

10 year Correlation Analysis

S&P's positive months	76
WLP appreciation in positive months	3421.17%
S&P's appreciation in positive months	1017.04%
Up market capture	336.38%
Number of S&P's negative months	44
WLP loss in negative months	-92.61%
SPX loss in negative months	-85.11%
Down market capture	108.81%

*WLP 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.

Profile

Inception: January 2006
General Partner: ValueWorks Capital LLC
Auditors: Eisner and Associates
Legal Counsel: Seward & Kissel LLP
Prime Broker: JP Morgan
Administrator: Apex Fund Svcs Ltd

Structure

Minimum Investment: \$2,000,000
Subscriptions: Monthly, prior to month 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

Reporting

Monthly: Performance Update
Quarterly: Partners' Letter
Capital Account Valuation
Annually: K-1 Form
Audited financial statements

Target Investment Ranges: 75-125% Net Long
80-150% Gross Long
0-35% Gross Short

Year	Total Firm	Composite Assets		Annual Performance Results				
	Assets	USD	Number of	Composite	Composite	S&P	Barclay Equity	Composite
End	(millions)	(millions)	Accounts	Gross	Net	500	Long Biased	Dispersion
2011	160	52	Five or fewer	1.38%	1.57%	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%	28.09%	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.

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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