



- First, thanks to our investors and friends for supporting our ambitions.
- In 2013, we again repaid our investors' confidence, generating returns, net to investors, at the very top of the industry charts. Our equal-weighted ("EQ") product returned +60% gross, +54% net.
- Our track record has crossed the five-year mark, and we rank among the highest absolute return, relative return, and alpha generators across the long-only and hedge fund industries. Furthermore, for taxable investors, we have proved uncommonly efficient, yet to turn the portfolio once, after five years.
- We expanded our product offering:
 - In addition to our equal-weighted portfolio construction, we added a capitalization-scaled construction for investors who eschew performance fees. Only positions weights vary between the two constructions. Our capitalization-scaled ("CS") product returned* +53% gross, +51% net.
 - We added a hedged construction for investors who covet a long/short offering. Long positions are the same, and we've added shorts identified by our existing process. Our hedged product ("LS") returned +52% gross, +39% net.
- We have substantially grown and diversified our investor base and now manage over \$1.5 billion via managed accounts, UCITs, mutual fund, and limited partnerships (fund-of-one and co-mingled). Our clients include hospital, insurance company, university, high-net-worth, corporate pension, independent RIA, multi-family office, and other endowment investors.
- As our business has grown, we have added to our team, buttressing investments, accounting and operations, and client relations.

For December 2013, Lyrical EQ, CS, and LS returned +6.6%, +4.9%, and +6.3%, respectively, compared to the +2.5% return for the S&P 500 Index.

	2009	2010	2011	2012	2013	ITD
U.S. Value Equity - EQ (Gross)	+80.0%	+25.2%	-0.2%	+19.7%	+60.4%	+331.6%
U.S. Value Equity - EQ (Net)	+68.3%	+22.4%	-1.0%	+18.8%	+54.1%	+273.6%
S&P 500 (Total Return)	+26.5%	+15.1%	+2.1%	+16.0%	+32.4%	+128.2%
Relative Performance (Net)	+4,180 bp	+730 bp	-310 bp	+280 bp	+2,170 bp	+14,540 bp
U.S. Value Equity - CS (Gross)	+63.7%	+22.7%	-2.0%	+19.4%	+52.6%	+259.0%
U.S. Value Equity - CS (Net)	+61.7%	+21.2%	-3.2%	+18.0%	+50.8%	+237.6%
LAM Long/Short (Gross)					+52.3%	+52.3%
LAM Long/Short (Net)					+38.7%	+38.7%

Notes re U.S. Value Equity - EQ

The results above are unaudited and subject to revision, are for a composite of all accounts, and show all periods beginning with the first full month in which the advisor managed its first fee-paying account. Net returns include a 0.75% base fee and a 20% incentive allocation for returns over the S&P 500 Total Return.

*Notes re U.S. Value Equity - CS

Performance figures prior to August 2013 reflect the model, hypothetical results for a hypothetical portfolio pursuing the Market Capitalization Weighted Investment Guidelines (the "Guidelines") described below, and do not represent returns of actual investments made. There are a variety of limitations inherent in model results. Transaction expenses have been included at five cents per share, to reflect commissions and expected market impact. Dividends have been included in the returns. Our clients (all invested in the EQ product) had results that were materially different from those portrayed in the model.

Market Capitalization Weighted Investment Guidelines

Our EQ product is an approximately 34 stock portfolio that is equal weighted at cost to target 99% invested with 1% cash, hence approximately 2.9% per position. We have picked a benchmark capitalization level (the "Capitalization Benchmark") equal to \$10bn as of June 30, 2013 and equal to \$10bn multiplied by the quotient derived by dividing the level of the S&P 500 Index® at all other times by 1606.28 (the closing price of that index on June 28, 2013).

To reflect a portfolio that has greater liquidity, we have created a model portfolio with modified portfolio position weights.

–Stocks with a market capitalization greater than the Capitalization Benchmark have been made equal weighted full positions.

–Stocks with a market capitalization less than the Capitalization Benchmark have had their position weights scaled in proportion to their market cap.

For example, a stock with a \$5bn market capitalization as of June 30, 2013 would have been given an initial portfolio weight of 0.5x a full position. A stock with a \$3bn market capitalization as of June 30, 2013 would have been given an initial portfolio weight of 0.3x a full position.

With less capital allocated to the less liquid stocks, we have grossed up the size of a full position from the current 2.9% in the EQ product to approximately 3.8% in the hypothetical CS portfolio, to achieve a model portfolio with 99% invested in stocks and 1% cash.

Model Portfolio Methodology

To estimate the historical performance of the market capitalization weighted portfolio, we applied the guidelines to the stocks in our original portfolio of December 31, 2008.

We modeled that all purchases of new holdings and exits from existing holdings that took place during a month in our actual portfolio took place as of the end of that month in the model portfolio.

In months where cash was needed because the size of the purchased stock exceeded the proceeds from the stock sold, we modeled that we trimmed the largest position (at market) in the portfolio to generate enough cash to cover the difference.

In months where the cash position rose to levels above 1% we did not reinvest the extra cash.

These model results are unaudited and subject to revision and show all periods beginning with the first full month in which the advisor managed its first fee-paying account in the EQ product. Model, hypothetical net returns include a 1.25% base fee.

Notes re LAM/Long Short

Performance figures reflect actual performance of a long/short account with proprietary capital. Such account invested exclusively in the long investments of the EQ product. Details of the short positions are available upon request. Net returns include a 1.5% per annum management fee and a 20% incentive fee.

The foregoing should not be deemed an offer or a solicitation of an offer to invest in any fund.

There is no guarantee that the investment objective of any of the above-listed strategies will be achieved. Risks of an investment in these strategies include, but are not limited to, the risks of investing in equity securities generally, and in a value investing approach, more specifically. Moreover, past performance (and past hypothetical performance) should not be construed as an indicator of future performance.