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Dear Friend,

We outperformed strongly in the third quarter. Our goal was to provide a stable long term solution to investors facing highly volatile global equity market and treasuries with negative real yield. The strategy was to invest in a portfolio of out-of-favor large cap value stocks with distributable free cash flow and strong balance sheets. We were successful on a year-to-date basis and since inception in delivering a competitive return.

For the third calendar quarter Mullick Value strategy returned net of fees 7.40% versus 5.24% for S&P 500 and 3.94% for the Russell 1000 Value index. On a year-to-date basis, our strategy returned 21.07% net of fees versus 19.79% for S&P 500 and 20.47% for Russell 1000 Value index. Since inception (June 30, 2012), Mullick Value strategy has returned net of fees 30.41% versus 26.92% for S&P 500 and 30.26% for Russell 1000 Value index.

Relative to Russell 1000 Value index, information technology, financials and energy were the largest contributors for the third quarter and consumer staples was the primary detractor. Cognizant Technology Solutions and Verifone were the top contributors in the technology sector while Moody's and McGraw Hill led among the financials. Cognizant Technology gained as potential fallout from immigration reform fears receded and investors were reassured by the high teens revenue growth that continued in the second quarter. We purchased Cognizant after the stock dropped to a new low on fears of an immigration reform bill that contained a particularly onerous clause that could limit the company's competitive advantage. In our last quarterly letter we noted that Verifone's franchise value was not reflected in their share price. In the third quarter Verifone made solid progress in its turnaround and investors cheered. Moody's and McGraw Hill surged as concerns over slowdown in corporate issuance failed to materialize. EOG Resources continued to lead the exploration industry with the energy sector's best-in-class returns and growth. Monster Beverage, in the consumer staples sector pulled back on reports of weak quarterly volume in the energy drink category. We believe the category will continue to outgrow the soft drinks segment over time.

Preliminary performance figures are unaudited. Past performance may not be indicative of future results and every investment program has the potential for loss as well as profit. The Mullick Value Strategy composite is the dollar-weighted linked monthly return of those accounts sharing the objective of the Mullick Value Strategy. Accounts are included in the composite at the beginning of the first full month following the month during which the account came under management. Accounts that are terminated remain in the composite until the last full month the portfolio is under management, and the composite continues to include terminated portfolios for all periods prior to their termination. There is no minimum asset size above which managed accounts would be included in or below which managed accounts would be excluded from the composite. Individual account results will vary from that of the composite based on fee structures, investment restrictions, the timing of contributions and withdrawals and other factors. Comparisons to the S&P 500 Total Return and Russell 1000 Value are for informational purposes only, as the composites may hold securities not in the S&P 500 Total Return and Russell 1000 Value and may have more or less volatility and risk than an investment in the S&P 500 Total Return and Russell 1000 Value. Management fee information available upon request.

We added a few attractive but out-of-favor stocks during the quarter. Notable among the names were Hertz Global Holdings and Lennar Corp. Hertz preannounced a disappointing quarter due to the negative impact of the budget sequestration on their commercial business rental volume. The rent-a-car industry has been consolidating with fewer operators and consequently, pricing has been improving. Homebuilders sold off as mortgage interest rates rose. Lennar has a valuable real estate development business in addition to being a major homebuilder. We took profits in SAI Corp and Western Union as they reached our price objective. We sold Joy Global because the recovery in mining capital goods seems to have been delayed.

Although the market has rallied strongly this year and the overall market's valuation is not as attractive, we have been able to identify attractive individual stocks that satisfy our criteria of out-of-favor large capitalization stocks with strong financials. Recent sell-off in fertilizer, refining and homebuilding industries have created emerging opportunities. On the other end of the spectrum, we see valuations that appear rather stretched in biotechnology and social media.

Most economic data point to an improving global growth with Europe recovering. Although the Fed's tapering is on hold for now, we think the US economy is gradually improving from its 2% growth band. We believe stocks as an asset class remain the better bet relative to bonds. We anticipate the great rotation from bonds to stocks to take place at some point, if not underway already. Rising interest rates bode well for the economy, corporate earnings, capital spending and employment. We have a number of bets that benefit from some of the major shifts taking place in the US economy such as leadership in energy from shale drilling (EOG Resources, National Oilwell Varco, LyondellBasel, Centerpoint Energy), normalizing interest rates (JP Morgan, AIG, Wells Fargo) and recovery in housing (Citigroup, NVR, Lennar Corp, Lowes Companies).

Given the strong returns year-to-date, we are perhaps vulnerable to a correction triggered by the government shutdown, debt limit or eventual tapering. We stand ready to capitalize on any such opportunity that may arise. Our commitment is to stick to our out-of-favor large cap value discipline. Our goal continues to be preservation of capital and outperformance with a margin of safety. Thank you for your support.

S. Basu Mullick
Principal