



Excerpts from Quarterly Report written by Investment Partners Asset Management – Q4 2014

“The last six months of the year... were incredibly frustrating.”

“Most notably, the energy sector, characteristically one of our recurring investment themes, was negatively impacted by Saudi Arabia’s decision to increase the supply of oil, flooding the world market at a time when global demand slackened. The economic slowdown was led by Europe and Japan in the developed world, and was coupled with a steep decline in energy consumption in the so-called “BRIC” nations: Brazil, Russia, India and, most notably, China. The lower demand for energy in those parts of the world emboldened Saudi Arabia to break with its OPEC partners, disrupting their internal strategy that had kept prices essentially at an average \$100/barrel level for the past four years. We believe this departure in their traditional stance on pricing has far reaching consequences, economically, commercially, societally, and even militarily. As we felt we had structured our energy-related investments in a diversified way, we felt that the impact of moderately lower energy prices would not be widespread. Many of our investments in this sector were both growing and/or distributing cash flow from operations. Capital allocation management decisions were predicated conservatively on lower prices than the world market price for oil and natural gas.”

“Furthermore, if you owned a stake in a publicly-traded security in 2014, you may have felt a little bit like a currency trader. It seems that the price of many assets (commodities, stocks, bonds) became either positively or inversely-correlated to moves in the US dollar, Euro, Canadian dollar, etc. In the last four months of 2014, the US dollar demonstrated incredible, and dare we say unprecedented, strength against every other currency on the planet (except perhaps the Swiss Franc (CHF) and gold). These figures are hard to imagine, but they occurred during the past year. Here are some examples – USD versus the AUD, CAD and JPY; up approximately 20% - against the Euro; up roughly 15%, and compared to the Russian ruble; up almost 100%. Even the Chinese currency that is pegged to the dollar lost value in USD terms. Speaking of pegs, subsequent to year-end, the Swiss Central Bank made a bombshell decision to unpeg the Franc from the Euro, after having artificially supported the Euro for three years. The overnight “policy” shift to float the Franc allowed it to gain what amounted to 1% per hour for a whole day.”

THOUGHTS FOR 2015

“At the moment, it appears that deep value opportunities abound in the energy and natural-resources sectors. Conversely, the healthcare, biotech, and technology themes seem to be somewhat played out. It’s still early to tell how 2015 will unfold, but we may favor making bets in sectors where the valuation scale has tipped too far in one direction, and de-emphasize areas of the market where the scale may have moved too far in the other direction.”

A FINAL WORD

“As we have stated over time, value investors share one thing in common: the quest to buy something overlooked that others may pay more for in the future. A deep-value investor senses a bargain purchase even if the merchandise is, in the eyes of the market, flawed. Sometimes those assets prove to be remarkable finds over the long-term. However, in other instances, the investment is cheap for a reason.”

We remain committed to finding unique securities in which to invest using “value” style principles and, in some instances, deriving some income to reward our patience.”

DISCLAIMER

Any information contained in this report should not be considered a complete analysis of every material fact with respect to any company, industry, or security. Any and all investments discussed herein may not be suitable for all investors, and may be subject to a high degree of risk. For this and other reasons, Investment Partners Asset Management (“IPAM”) does not recommend that investors buy or sell any of the securities mentioned in this report. Furthermore, there is no certainty, and we make no guarantee, that any views expressed herein or strategy discussed in this report may be executable in an appropriate size or amount and/or at the prices described herein. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. Investment Partners Group and/or its affiliates (including but not limited to IPAM) may effect transactions, including transactions contrary to any views expressed herein for themselves or their clients (including but not limited to pooled investment vehicles managed by IPAM, and/or their affiliates).

Furthermore, Investment Partners Group and/or its affiliates (including but not limited to IPAM) may have positions in the securities mentioned herein, (or options with respect thereto) and may also have performed investment banking services for the issuers of such securities. In addition, employees of Investment Partners Group and/or its affiliates (including but not limited to IPAM) their families and other affiliated persons, may have positions and effect transactions, including transactions contrary to any views expressed herein, in the securities or options of the issuers mentioned herein and may serve as directors of such issuers.

FORWARD LOOKING STATEMENTS

This discussion and analysis contains certain forward-looking statements and projections that involve a number of risks and uncertainties. Actual events or results may differ materially from the expectations and projections of the Managing Member. Past performance does not guarantee future results. Market and other risks may affect actual results achieved.