

2014 Annual Letter

2014-12-30

SN Valuation Holdings

A monumental year where we shifted away from a service based business model (research reports, English tutoring) into goods and products. We feel products business will help propel growth and we can be successful with minimal capital investment. We feel online shopping is the best bang for the buck and leveraging our experience developing snvaluation.com, we will develop a suite of online shopping sites in 2015.

To be honest, we didn't focus so much on the research reports as we did in the past, since we made time for developing our subsidiary businesses, namely, SN English and SN Shopping. We felt the capital market was out of the investors' control and wanted to retain control by focusing on businesses which we could grow. We feel it is prudent to approach investments like Berkshire Hathaway and Blackstone, which has a a) fund operation and b) a Private equity/buyout/ operation business. That way, when the market is cheap, the fund business will generate healthy returns by scooping shares at a discounted price. And on the flipside, when the market is expensive, we can desist from making new investments, sell off our legacy holdings, and shift our focus on growing the operation businesses from the capital gain. Likewise, we could filter our profits from the operation side into our investment coffer and wait until the market retracts and start scooping up shares again. We would be immune to the withdrawal effects of a cyclical market.

SN Valuation – Research Investment

S&P 500 YTD 13.5%

SNV Focus Fund

Paltry returns for our SNV Focus Fund in 2014. The year was a bad year for our picks, as we chose contrarian investments and poorly selected retail names, such as HGG and EZPW. At the same time, we felt the market was overpriced and desisted from picking names at the height of the market.

SN Group – Business incubator

Our subsidiary businesses in the SN Group have been doing well and on track of our goals set in 2013.

1) SN English:

- A. Private tutoring
 - i. Concluded 2 year service for the import/export gentleman in September
 - ii. Concluded 2 year service with group study toward mid-year
- B. Chungdahm's Futurebook division
 - i. We taught at AmorePacific for 1 hour/2 days week/50,000 won/hour
 - ii. Unfortunately, the division closed business at the EOY, but we will be in contact with the

manager of the division who will move on to a new position

C. Maven's English

- i. We taught at the corporate headquarters of Starbucks Korea for 3 months, Mon.- Thurs. from 6:30 pm to 7:30 pm.
- ii. We used the books provided by Mavens
- iii. 50,000 won/hour

2) SN Shopping:

A. Launched SNShopping.co.kr in December 2014

- i. Currently working on the design/layout, logistics with delivery and production
- ii. Registering for business license as a foreigner in Korea

B. Products

- i. Flowers
 1. Sourced from ladies at the church
- ii. Outdoor gear/tent
 1. Sourced from relative of church member
- iii. Earphone/headphone/Bluetooth speaker
 1. Sourced from China
- iv. Smartphone accessories
 1. Sourced from China
- v. Wireless walkie talkie
 1. Sourced from member of church

Future Plans

In 2015, we will continue our pursuit for incisive investment calls as we take on new classes of interns at **SNValuation**. Also, we will start our import/export division as we import Chinese products and lime juice from the US through **SN IMEX and SN Electronics**. We will continue providing our English tutoring service with corporate entities and we hope to branch out into English study room, for a permanent site for **SN English**. Finally, we will start our **SN Ventures/SN Consulting** business in 2015 as we startup a traditional brick/mortar business to interface with retail clients. We will use the collective experience over the past 6 years and provide consulting service, primarily for website/shopping mall building.

Our promise verse for 2015 is Matthew 6:33. First seek His kingdom and His righteousness and all these things will be added to you.

May all our endeavor be to God's glory and may it be used to help to weak and poor, in Jesus might name. Amen.

2015 Goals

1) SN Valuation

A. 2014 Winter/2015 Summer Interns

2) SN Shopping

A. Create shopping mall - \$2,000

B. SN Electronics equipment

C. Private label brand

D. Lime juice

3) SN Electronics

A. Wired earphones from China - \$100

B. Bluetooth stereo from China - \$500

4) SN English

A. Manager for Corporate English at 시흥 with Samsung English

B. Starbucks English with Maven's English

C. Book

5) SN IMEX / NB Trading

A. Lime juice

6) SN Consulting

A. Develop website focused on small business website development

7) SN Ventures

A. Mini café - \$20,000

B. Create a private label brand - \$5,000

8) Church

A. Invest in exterior signage - \$2,000

B. Street evangelism

C. United service strengthening

9) Personal

A. License examination - \$500