

January 26, 2012

SNV Value Focus Fund: Inaugural Quarterly Update January 2012

The fund has been outperforming the market since December 2011. As we loaded on more discounted semiconductor firms, the fund became more tech heavy. With the Euro crisis news diminishing and prospects for a strengthening economy on investor's minds, leading indicator industries like tech have rebounded nicely.

Excel Maritime (EXM) on the other hand was the biggest mistake we made. Granted, our thesis was based on P/Net Tangible Assets, and once the dry bulking industry picks up, the value of the ships would be reflected in the price. However, upon further investigation of the underperformance, we realized there was an issue with their accounting and underlying cash flow. We were frankly shocked at the legal, yet misleading recognition of revenue. We are waiting for a better exit point, seeing how the market is holding up recently.

16 of the now 28 stocks, or 57% of the stocks have reached their Year 1 target prices. We may have caught them at the December lows, when investors normally sell to capture taxable losses. Also, low growth, discounted companies normally underperform in a bear market, so we could have picked them up at the trough of a 1 month rally to date.

The performance shows the value of investing in underlying business and cashflows, rather than secular news and technicals. Technicals have a place in investing, but it can be an overarching theme in a world that should focus on fundamentals. Benjamin Graham, the guru of value investing, distinguished between speculators and investors. Speculators are market driven, while investors are underlying business driven.

After consistently tweaking the valuation model, we felt more confident with the analysis about late December. The freedom associated with value investing, in a choppy market, is priceless. Psychologically, investors can receive a "high" when the portfolio is performing well, but once gains turn to losses, investors can become an emotional mess. Value investing allows the investor to focus on cashflow, which is not a respecter of the market.

The fund generated a 6.69% gain, including the gains from the sold stocks. If the readers invested in the stocks and did not sell, the performance would be a more respectable 9.97%.

The S&P 500 was up 4.82%, Tech SPYDR up 5.75% and Wilshire 5000 4.97%.

In the next quarter, we would like to focus more on risk management. Sure, the fund may have generated a few more percentage points, but at what risk? We stumbled across a free portfolio analysis site run by State Street Global Advisors, which will analyze the risk/return of a fund.

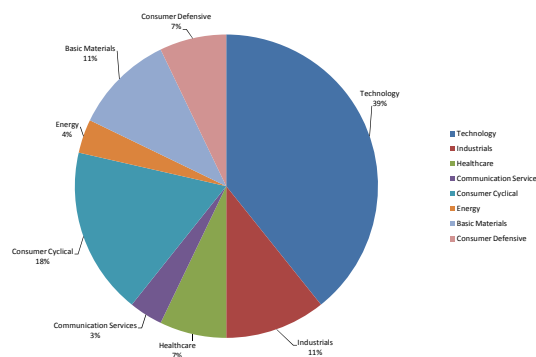
A humble, yet promising beginning. Thank God.

Sung Nam
SN VALUATION

Name	Ticker	Sector	Industry	Date of Report	Weighting	Market Price on Report	Suggested 1 Year Return	Suggested Price in 12 months	Suggested 5 Year Return	Suggested Price in Year 5	Today's Price	Change Yesterday	Action	Exit Price	Exit Date	Ex-Dividend Date	Dividend Date	Annual Dividend	Holding Period Performance	Portfolio Weighted
Huntsman Corp	HUN	Specialty Chemicals	Basic Materials	2011-10-24	3%	\$10.31	14.2%	\$11.77	94.0%	\$20.00	\$12.09	0.83%	SOLD	\$12.94	2011-10-28	Dec 13, 2011	Dec 29, 2011	3.31%	25.51%	0.00%
Computer Sciences Corp	CSC	Information Technology Services	Technology	2011-10-25	3%	\$30.90	10.1%	\$34.02	61.8%	\$50.00	\$26.32	0.88%	Buy more positions			Dec 21, 2011	Jan 12, 2012	5.04%	-14.82%	-0.51%
Limelight Networks Inc	LMT	Cloud Computing	Technology	2011-10-26	3%	\$11.17	6.1%	\$11.85	34.3%	\$15.00	\$12.24	1.24%	SOLD	\$12.21	2012-01-11	Nov 28, 2011	Dec 14, 2011	5.56%	9.31%	0.00%
Excel Maritime Carriers Ltd	EXM	Shipping & Ports	Industrials	2011-10-28	3%	\$2.77	7.6%	\$2.98	44.4%	\$4.00	\$1.48	-3.90%	Buy more positions			Nov 18, 2008	Dec 4, 2008	0.00%	-46.57%	-1.61%
Big Lots Inc	BIG	Discount Stores	Consumer Defensive	2011-10-31	3%	\$37.64	8.3%	\$40.75	48.8%	\$56.00	\$41.34	0.44%	SOLD	\$41.32	2011-11-07	Aug 29, 2011	N/A	0.00%	9.78%	0.00%
Kindred Healthcare Inc	KND	Long-Term Care Facilities	Healthcare	2011-11-01	3%	\$11.65	11.4%	\$12.98	71.7%	\$20.00	\$11.47	0.26%	SOLD	\$12.85	2011-12-06	N/A	N/A	0.00%	10.30%	0.00%
Volatility Index	VXX	VIX Short Term Futures	N/A	2011-11-10	3%	\$48.52	23.7%	\$60.00	N/A	N/A	\$27.82	0.00%	SOLD	\$40.00		N/A	N/A	0.00%	0.00%	0.00%
Newmont Mining Corp	NEM	Gold	Basic Materials	2011-11-25	3%	\$64.21	9.0%	\$70.00	51.8%	\$97.50	\$60.25	4.82%	Buy more positions			Dec 6, 2011	Dec 29, 2011	2.32%	-6.17%	-0.21%
CoStar, Inc.	CSTR	Specialty Retail	Consumer Cyclical	2011-12-02	3%	\$42.69	7.1%	\$45.74	41.2%	\$60.29	\$47.53	0.32%	SOLD	\$47.45	2011-12-09	N/A	N/A	0.00%	11.15%	0.00%
L.B. Foster Co	FSTR	Industrial Distribution	Industrials	2011-12-05	3%	\$28.17	5.4%	\$29.69	30.0%	\$36.62	\$29.93	0.17%	SOLD	\$29.86	2012-01-12	Dec 7, 2011	Dec 22, 2011	0.33%	6.00%	0.00%
Murphy Oil Corp	MUR	Oil & Gas Integrated	Energy	2011-12-05	3%	\$54.78	5.8%	\$57.94	32.3%	\$72.50	\$60.65	1.56%	SOLD	\$58.11	2012-01-04	Nov 8, 2011	Nov 30, 2011	1.81%	6.08%	0.00%
Domtar Corp	UFS	Paper & Paper Products	Basic Materials	2011-12-08	3%	\$79.06	10.3%	\$87.19	63.2%	\$129.00	\$86.82	-0.72%	SOLD	\$87.68	2012-01-20	Dec 13, 2011	Jan 16, 2012	1.61%	10.90%	0.00%
Telenav Inc	TNAV	Scientific & Technical Instruments	Technology	2011-12-13	3%	\$8.24	20.0%	\$9.89	148.8%	\$20.50	\$7.76	-0.89%	Buy more positions			N/A	N/A	0.00%	-5.83%	-0.20%
Full House Resorts Inc	FLL	Resorts & Casinos	Consumer Cyclical	2011-12-15	3%	\$2.50	28.0%	\$3.20	244.0%	\$8.60	\$2.73	-2.15%	Buy more positions			N/A	N/A	0.00%	9.20%	0.32%
MKS Instruments Inc	MKSI	Diversified Industrials	Industrials	2011-12-15	3%	\$25.93	6.8%	\$27.69	38.8%	\$36.00	\$30.22	0.47%	SOLD	\$28.03	2011-12-21	Nov 29, 2011	Dec 15, 2011	1.99%	8.10%	0.00%
Kulicke And Soffa Industries Inc	KLIC	Semiconductor Equipment & Materials	Technology	2011-12-15	3%	\$8.56	19.7%	\$10.24	145.3%	\$21.00	\$11.17	-0.62%	SOLD	\$10.32	2012-01-09	Jun 10, 1985	N/A	0.00%	20.56%	0.00%
Joe's Jeans Inc	JOEZ	Apparel Manufacturing	Consumer Cyclical	2011-12-19	3%	\$0.52	15.1%	\$0.60	101.9%	\$1.05	\$0.70	1.45%	SOLD	\$0.58	2012-01-13	N/A	N/A	0.00%	11.54%	0.00%
Kemet Corp	KEM	Electronic Components	Technology	2011-12-19	3%	\$6.75	15.7%	\$7.81	107.4%	\$14.00	\$9.56	0.31%	SOLD	\$7.95	2012-01-18	N/A	N/A	0.00%	17.78%	0.00%
Digital Generation Inc	DGIT	Communication Equipment	Technology	2011-12-23	3%	\$11.95	18.2%	\$14.13	131.0%	\$27.60	\$13.96	1.60%	Leave in portfolio			N/A	N/A	0.00%	16.82%	0.58%
Omega Protein Corp	OME	Packaged Foods	Consumer Defensive	2011-12-28	3%	\$7.13	11.0%	\$7.91	68.3%	\$12.00	\$8.66	0.46%	SOLD	\$8.23	2012-01-19	N/A	N/A	0.00%	15.43%	0.00%
Crown Crafts Inc	CRWS	Apparel Manufacturing	Consumer Cyclical	2011-12-29	3%	\$3.28	11.9%	\$3.67	75.3%	\$5.75	\$3.97	5.59%	SOLD	\$3.70	2012-01-06	Dec 14, 2011	Jan 5, 2012	4.03%	12.80%	0.00%
Online Resources Corp	ORCC	Software - Infrastructure	Technology	2011-12-30	3%	\$2.30	9.4%	\$2.52	56.5%	\$3.60	\$2.65	0.00%	SOLD	\$2.51	2012-01-04	N/A	N/A	0.00%	9.13%	0.00%
Pro-Dex Inc	PDEX	Medical Instruments & Supplies	Healthcare	2011-12-31	3%	\$2.46	28.1%	\$3.15	245.5%	\$8.50	\$2.60	0.00%	Buy more positions			N/A	N/A	0.00%	5.69%	0.20%
Mad Catz Interactive Inc	MCZ	Computer Systems	Technology	2012-01-01	3%	\$0.51	16.2%	\$0.59	111.8%	\$1.08	\$0.67	0.91%	SOLD	\$0.63	2012-01-11	N/A	N/A	0.00%	23.53%	0.00%
Neutral Tandem Inc	TNDM	Telecom Services	Communication Services	2012-01-02	3%	\$10.69	13.2%	\$12.10	86.2%	\$19.90	\$11.81	0.17%	Leave in portfolio			N/A	N/A	0.00%	10.48%	0.36%
GameStop Corp	GME	Specialty Retail	Consumer Cyclical	2012-01-03	3%	\$24.13	10.4%	\$26.64	64.1%	\$39.60	\$25.00	1.01%	Buy more positions			N/A	N/A	0.00%	3.61%	0.12%
Network Engines Inc	NEI	Software - Application	Technology	2012-01-09	3%	\$1.26	11.8%	\$1.41	74.6%	\$2.20	\$1.38	4.39%	Leave in portfolio			N/A	N/A	0.00%	9.37%	0.32%
Amtech Systems Inc	ASYS	Semiconductor Equipment & Materials	Technology	2012-01-10	3%	\$10.11	16.4%	\$11.77	113.6%	\$21.60	\$10.37	-2.72%	Buy more positions			N/A	N/A	0.00%	2.57%	0.09%
inTest Corp	INTT	Semiconductors	Technology	2012-01-11	3%	\$2.98	11.1%	\$3.31	69.5%	\$5.05	\$3.03	1.68%	Buy more positions			N/A	N/A	0.00%	1.68%	0.06%

Sold Companies	Initiation Price	Exit Price	Return	Holding Period (Days)
HUN	10.31	12.94	25.51%	4
BIG	37.64	41.32	9.78%	7
KND	11.65	12.85	10.30%	35
CSTR	42.69	47.45	11.15%	7
MKSI	25.93	28.03	8.10%	6
MUR	54.78	58.11	6.08%	30
ORCC	2.30	2.51	9.13%	5
CRWS	3.28	3.70	12.80%	8
KLIC	8.56	10.32	20.56%	25
MCZ	0.51	0.63	23.53%	10
RIMG	11.17	12.21	9.31%	77
FSTR	28.17	29.86	6.00%	38
JOEZ	0.52	0.58	11.54%	25
KEM	6.75	7.95	17.78%	30
OME	7.13	8.23	15.43%	22
UFS	79.06	87.68	10.90%	43
16		Average	12.99%	23

Industry	Number of Companies/Percentage of Fund
Technology	11 39%
Industrials	3 11%
Healthcare	2 7%
Communication Services	1 4%
Consumer Cyclical	5 18%
Energy	1 4%
Basic Materials	3 11%
Consumer Defensive	2 7%
Total	28 100%



Portfolio Weighted Performance of Unsold Companies	Annualized Return
Portfolio Weighted Performance of Unsold Companies	-0.48%
Annualized Return	-1.87%
Portfolio Weighted Performance including Sold Companies	6.69%
Annualized Return	25.97%
Days since Initiation	94
S&P 500 Performance Since Initiation	4.82%
Annualized Return	18.72%
Portfolio Alpha During Period of Unsold Companies	-5.30%
Portfolio Alpha During Period Including Sold Companies	1.87%
Tech SPDR (XLK) Since Initiation	5.75%
Portfolio Alpha During Period of Unsold Companies	-6.23%
Portfolio Alpha During Period Including Sold Companies	0.94%
Wilshire 5000 Performance Since Initiation	4.97%
Portfolio Alpha During Period of Unsold Companies	-5.45%
Portfolio Alpha During Period Including Sold Companies	1.72%

Number of Companies	
Gains	24
Gain is less than 5%	3
Gain is greater than 5%, but less than 10%	9
Gain is greater than 10%	12
No Change	0
Losses	4
Loss is less than -5%	0
Loss is greater than -5%, but less than -10%	2
Loss is greater than -10%	2
Total (inclusive of sold shares)	28

Bear/Bull Market? **Bull**
 *VXX is held in the portfolio in the event we have a Bear market sentiment.