

Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of ValueWorks LLC. If you have any questions about the contents of this brochure, please contact us at the phone number or the email address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about ValueWorks is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Throughout this brochure ValueWorks may refer to itself as a Registered Investment Advisor or RIA. This designation should not be taken to imply a standardized level of skill or training.

## Item 2     Material Changes

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This update has been produced to describe our business and to reflect changes that have occurred in the past year. Changes to our business and this document are minimal and are represented throughout this document; there have been no material changes since our last update.

Our most significant recent change is that we moved to One World Trade, Suite 84G, New York NY 10007 in 2016. All contact (other than physical address) information including phone, fax, email and web addresses remained the same.

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## Item 4 Advisory Business

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### A. Description

ValueWorks provides investment management of equity and fixed income securities portfolios using a value-based investment style. We view securities at their most fundamental level as claims against underlying corporate assets; we work to identify opportunities where these underlying assets can be purchased at a discount to our appraisal of their actual worth.

ValueWorks has been operating as an investment advisor and RIA since 2001. The company is solely owned by Charles Lemonides who is the Chief Investment Officer and Chief Compliance Officer.

### B. Types of Services

The majority of ValueWorks' client accounts are Separately Managed Accounts (SMA's) obtained through introductions from brokers or financial advisors (FAs). Brokers and advisors maintain ongoing financial service relationships with clients. Assets are held in accounts and traded at institutions where these brokers/advisors are affiliated. ValueWorks uses these client-designated and client-preferred service providers until the client directs otherwise in writing. Some of our business is based on direct client engagement; these agreements do not have brokers or advisors managing the relationship with the client.

Standard client relationships may be in either Dual-Contract or Wrap programs. ValueWorks is currently available in the following programs:

#### **Dual Contract**

- American Portfolios
- Charles Schwab
- Etrade
- Fidelity
- Merrill Lynch
- Morgan Stanley Smith Barney
- Oppenheimer
- RBC Dain Rauscher
- UBS Financial
- Wells Fargo

#### **Wrap**

- Investor's Capital Advisory
- NBC Securities
- Sterne Agee Leach
- Stifel Financial Corp
- Wedbush Morgan

**Turnkey Asset Management Program** —Wrap programs used by multiple BD's  
Envestnet

Lockwood's Managed Account Command program:

American Portfolios

Capital Securities

Jeffries Investment Advisors

**Unified Managed Asset (UMA's)**—Wrap programs that use multiple managers

Adhesion Wealth Advisor

Placemark

ValueWorks is the investment manager and sponsor of Wrap programs at T.D. Waterhouse and the GMS group. ValueWorks is also the investment manager for ValueWorks Limited Partners, LP (VWLP). VWLP is a hedge fund that is available to qualified investors and held in prime brokerage accounts at Wells Fargo Fund Services and Interactive Brokers. The general partner of VWLP is ValueWorks Capital LP whose managing member is Charles Lemonides.

In all investment decisions and products ValueWorks brings the expertise of an independent, bottom-up, value discipline and process.

ValueWorks determines both security selection and position size based on its particular value investment discipline, and our professional expertise and judgment regarding optimal portfolio construction. The excerpt below is from our marketing material and encapsulates our specific strengths:

We are value investors. We uncover opportunity by understanding a company's underlying value—independent of market volatility.

At their most fundamental, stocks and bonds are claims against the assets of a company. The value of the assets then, is the key to determining what a company could be worth. Our process is designed to gain a claim against these assets at a discount to their underlying value. At ValueWorks we define value investing as buying the best-quality assets at the best possible prices.

We like to think of ourselves as bargain hunters: it is our goal to pay \$0.50 to \$0.75 for \$1.00 worth of assets. We evaluate the component parts of a company, assigning each of its assets a dollar value that, when added together, comprises the underlying value of the company; if this is higher than the company's stock price, we consider it an investment opportunity.

At ValueWorks, our consistency of process makes us an excellent investment choice for a core portfolio manager or as a diversification vehicle. ValueWorks is founded on independent judgment, intellectual consistency and a disciplined approach to original research. Our investment style is both time-tested and logical—simply put, we believe controlling quality assets at compelling valuations creates attractive returns over time.

### C. Account Customization

ValueWorks has a number of investment structures that create a wide range of portfolio options for clients. As a starting point, composite groups allow clients to select from a market position that has some income consideration to a more full equity exposure to accounts that are designed to be more aggressive than the equity markets.

As part of the portfolio management agreement and service, ValueWorks is given authority to trade securities in client accounts. Clients may request that ValueWorks not purchase particular securities for their accounts, such as when they already hold significant positions in outside accounts; alternatively they may request that we continue to hold securities that transfer in to the account. Clients may request transactions for tax considerations or to adjust their account to better fit their risk profile; we take new client accounts with cash or securities. Each of these opportunities for clients to customize their accounts requires that each account be managed separately. While managed similarly and with equal care, clients should be aware that accounts are not managed identically.

Also, as mentioned above, assets are held in accounts and traded at institutions where the clients' brokers/advisors are affiliated. ValueWorks uses these client-designated and client-preferred service providers until the client directs otherwise in writing.

In certain rare cases ValueWorks may have been granted power to trade accounts that are not under contract; these accounts are not charged a fee by ValueWorks nor traded as part of composites.

### D. Wrap Programs

Fee and service relationships may be structured through a wrap program, where all client fees are bundled in a single all-inclusive agreement. In these cases, ValueWorks is paid a portion of the total fee directly from the wrap sponsor. The total wrap fee is negotiated directly between the client and the sponsor. For investing purposes these accounts are treated the same as the other non-wrap accounts included in the same composite group. Wrap accounts offer ease-of-use that may not be available in dual-contract arrangements; however fees in wrap programs may be higher than paying for these same services individually.

### E. Discretionary Assets

As of 12/31/17 ValueWorks had approximately \$175MM of client assets managed on a discretionary basis.

## Item 5 Fees and Compensation

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### A. Fees

ValueWorks' standard asset management fee for SMAs is 1% of account assets under management (AUM) per annum. This fee is negotiable and may be higher or lower per negotiation. Fee adjustments are primarily based on factors that influence the cost of account management. There are some economies of scale for managing larger accounts; generally, per dollar costs of account management and servicing decrease as client AUM increases. Fees for multiple accounts in a family group may be adjusted in consideration of total family assets managed. Special requests may also require additional management.

ValueWorks' portfolio management fees are a component of total client fees. Other fees (paid by the client to other service providers) cover the services provided by the introducing broker/advisor, trading and custody expenses. Valueworks receives and is responsible for setting its management fees on client accounts; it does not receive and generally is not involved with the setting of the fees for brokerage, trading or custody. In cases where ValueWorks sponsors a wrap program it may be responsible for setting one or more of these other fee rates.

As mentioned above, fee and service relationships may be structured through a wrap program, where all AUM fees are bundled in a single all-inclusive agreement. In these cases, ValueWorks is paid its portion of the total fee directly from the wrap sponsor and the total wrap fee is negotiated directly between the client and the sponsor. Generally the sponsor automatically deducts these fees from client accounts.

ValueWorks also manages client portfolios through dual contract structures with brokers dealers and/or financial advisory firms. In these cases, ValueWorks' fees are debited from the client's account. This fee is based on percentage of AUM. On occasion in special cases, an agreement may be structured where clients pay trading fees as incurred. In cases where ValueWorks manages the relationship directly and the account does not participate in a wrap program, clients may elect to be billed rather than having fees deducted automatically.

In general cash levels are targeted between 0% and 20% of AUM although specific investing conditions may result in cash balances outside of this range. Investors should be aware that these cash holdings are part of the portfolios for the purposes of the calculation of the management fee. These balances will be identified in the regular report from the investor's Qualified Custodian and on any regular reports sent by ValueWorks.

For SMA relationships above \$5,000,000, ValueWorks at its discretion may offer a performance based fee alternative. These relationships are negotiated individually. There is more information about these arrangements below in Item 6.



ValueWorks also receives management fees for its management of ValueWorks Limited Partners (VWLP); as the General Partner of VWLP, ValueWorks Capital will at times be entitled to a performance allocation. VWLP is a hedge fund that is available to qualified investors and held in a prime brokerage account at Wells Fargo and Interactive Brokers. Participation in VWLP is available through direct relationships and through programs at certain broker dealers. Management fees of 1.5% of AUM are debited directly, charged quarterly in advance and performance allocations are done annually. Management fees charged to individual partners may be negotiated. There is a one year lock-up period, the timing of contributions and withdrawals is limited and refunds are not available. Also see additional information below in Item 6.

ValueWorks sponsors wrap programs at T.D. Waterhouse and the GMS group. ValueWorks is also the investment manager of these wrap programs. Specific fee information on these programs should be reviewed in the relevant Form ADV 2A Appendix 1: *Wrap Fee Program Brochure* available from ValueWorks.

#### B. Fee Payment

Discussed above in Item 5.A.

#### C. Other Fees

Discussed above in Item 5.A. In addition to the specific fees listed there, there may be other miscellaneous charges to the client not specifically outlined. Also see below at Item 12 Brokerage Practices. A.3—Directed Brokerage.

In addition VWLP also bares expenses as listed in the documents governing that vehicle. These explicitly include but are not necessarily limited to legal, accounting, auditing, and other professional expenses, research expenses (including research-related travel), investment expenses such as commissions, interest on margin accounts, custodial fees, and other reasonable expenses related to the purchase, sale or transmittal of Partnership assets; the organizational expenses of the Partnership including expenses incurred in connection with the initial offer and sale of interests in the Partnership; management's fees and any other expenses that the management company considers necessary or advisable.

#### D. Timing of Fee Payments and Refunds

Fees are charged quarterly in advance based on market valuations for the last day of the prior quarter. For accounts opened at times other than at the end of a quarter, initial fees are pro-rated on a daily basis. Accounts may be closed at the client's request. Clients who have pre-paid quarterly fees and who terminate accounts within the period for which fees have been paid, can receive a refund of the prorated portion if a request for this reimbursement is made in writing within sixty days of the account's closure. The reimbursement will be made either in the manner of the original payment or by check from ValueWorks.

#### E. Alternative Compensation

No ValueWorks employee accepts compensation for the sale of securities or other investment products; the only revenue sources for the business and its employees are the fees and performance allocations detailed above in section 5.A.

ValueWorks has arrangements to manage accounts custodied at various discount brokerage firms such as Schwab, Fidelity and TD Waterhouse. In the capacity of manager of multiple accounts ValueWorks may be granted rights to research, online trading, and account access or views that may not be available to the average retail client. Although the possibility for conflicts of interest always exist we attempt to ensure that these ancillary benefits do not influence trading or investment decisions made at ValueWorks; this is evidenced by the fact that only in-house research is used, that decisions about custodians are made by individual clients and that order rotation is set by a separate schedule.

No ValueWorks employee currently receives payment from any external enterprise or venture. However, this situation could arise and could cause a conflict of interest by drawing attention away from ValueWorks business or causing the employee to think differently about business and / or investment opportunities.

For Qualified Investors and Institutions, ValueWorks at its discretion may offer a fee structure comprised of, or including, a performance allocation based on the appreciation of client capital. In some cases the performance allocation is done quarterly, in some cases it is done annually; in some cases hurdle rates are used. Each of these details is subject to negotiation.

Accounts paying fees based on or incorporating performance arrangements could create an incentive for the investment team to favor these accounts over accounts that have fee arrangements based solely on AUM. Clients should be aware that these higher potential fees could create incentives to favor performance fee accounts in both intellectual capital and in operational processes. Performance fees may also create an incentive for the investment team to take more risk or cherry pick more favorable trades with these accounts than with fee-only accounts. The more lucrative fee structure could cause ValueWorks to inappropriately steer client participation to these vehicles.

Accounts which pay these performance fees are part of a composite (the Long Biased Composite) with a different investment profile, account structure and investment objectives than accounts which pay all fees based on AUM (the Long Only Composites). These differences, as well as the separation of these accounts into their own composite, serve to reduce the potential for some conflicts of interest.

For investments which are shared across the Performance Fee Composite and the two Long Only Composites an order rotation system is used that is designed to be simple, easy to implement and which reduces potential favoritism. In most cases an established trading order is used, the broker-dealer engaged first in the 'current' trade becoming the broker-dealer engaged last in the next trade; an order rotation log is kept to document this process and ensure its compliance. Occasionally adherence to this order is loosened to ensure fair treatment throughout the rotation. Some conflict of interests may result from this order rotation strategy in specific cases, but it ensures overall uniformity and reduces the risk of favoritism.

Additionally, because of its different portfolio structure and investment profile, some investments that are appropriate for the Performance Fee Composite are not appropriate for the Long Only Composites. These investments do not present the opportunity for favoring the performance fee clients because they are not investments available to those portfolios outside of this group.

Leverage may be used in the accounts that pay performance fees. In these portfolios when there is a positive cash balance clients should be aware that management fees will include this balance as part of the fee calculation. When a negative cash balance exists clients should be aware that there are charges associated with this borrowing and that leverage can make portfolio performance more volatile.

The composite group which contains these performance fee accounts includes VWLP and a number of separate accounts. This composite represents approximately 37% of total AUM at ValueWorks.

## Item 7    Types of *Clients*

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At ValueWorks our business is specifically designed to serve high net worth individuals and the small institutions they control. This means that in addition to the personal investment accounts of these individuals we also manage many trusts, IRA's, pensions, 401(k)'s, as well as the accounts of several endowments and foundations.

With our straightforward and well-articulated process we have created an investment discipline that, while requiring a high degree of skill to employ, is relatively easy to understand; we have paired it with a no-nonsense philosophy carefully tuned to resonate with our clients' needs. Similarly, the other features of our client accounts—portfolio structure, holding period, turnover and risk parameters—were designed with the particular investment needs of our clientele in mind.

We can work directly with financial consultants to evaluate particular client investment profiles and build a plan designed to meet specific goals.

ValueWorks generally imposes a \$200,000 minimum account size. For purposes of this minimum, accounts that are related may be treated as a single account.

ValueWorks may accept accounts from \$100,000 through wrap-fee programs or dual contract arrangements with broker dealers. We reserve the right to waive this account minimum.

Additional clients include VWLP, a pooled investment vehicle where the subscription guidelines are set forth in the documents specifically relating to that vehicle.

#### A. Investment Analysis and Risk of Loss

Investing in securities subjects the investor to risk of loss. At ValueWorks we seek to mitigate this risk and uncover potential appreciation of capital by using both thorough independent research and specific portfolio construction rules.

A clearly defined research process guides each of our investment decisions while our investment strategy enables us to target securities that we believe demonstrate attractive value, using a thoughtfully considered series of steps.

##### 1. Identification

We monitor the financial markets to identify securities that match our investment criteria—focusing on opportunities that appear misunderstood by the general market.

##### 2. Appraisal

First we identify the assets; then we appraise them. This allows us to determine the company's underlying value. Generally, these assets consist of operating businesses, but they may also include real-estate holdings, natural resources, patents, royalty rights, cash, interests in other businesses or other publicly held securities. We then decide whether the assets are of high quality and therefore likely to appreciate over time.

##### 3. Assessment

Here we assess any claims against a company's assets; we then compare the market price of the claims to the company's underlying value. If a particular security trades at a discount, we identify factors that could eliminate the valuation gap and increase its price. We then make a decision on the purchase of the security.

##### 4. Re-Evaluation

We continuously monitor our positions to determine if our original investment thesis still applies, taking necessary action to optimize our portfolio.

##### 5. Exit

We exit a position when a security either reaches full valuation or changes in its outlook invalidate part of our original thesis.

It is our belief that risks in investing can best be mitigated through a robust investment framework, a deep understanding of the financial markets and a well-reasoned security selection process that is built on substantial understanding of the corporate assets.

In general ValueWorks uses a Buy and Hold framework to put these principles into practice. We buy securities and hold them for a substantial period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price. In some accounts (those in the Long-Biased Composite) we may also use other investing

techniques such as Hedging, Leverage, Options. These strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire contribution/investment.

#### B. Material and Unusual Risks

Through this process material investment risk is reduced because worst case scenarios are considered in determining asset values; investments are generally not made unless the research concludes that value will likely be preserved in a negative outcome.

However, investment risk always remains; it is possible that a mistake is made in our process or we are given misleading company information that we rely on in a particular investment. Also the financial markets occasionally have dislocations during which securities become disassociated from the value of their underlying assets. During these times clients are at substantial risk of loss because before markets rebound the compulsion to get uninvested, thereby locking in a loss, becomes increasingly compelling. There also exists the possibility that unforeseeable conditions could impact investments at any time.

In portfolios that are part of the Long Only Composite groups, new investment purchases are generally limited to a maximum 5% of total investable assets. This initial investment is generally not added to in cases where the particular investment declines in value. This measure is in place to limit risk in any single investment to the percentage of the original investment.

In portfolios that are part of the Performance Fee Composite portfolio construction rules are different and different risks exist. These portfolios may employ leverage and options, making changes in value more volatile and subjecting investors to additional capital losses. These portfolios may also employ short-selling which, because of the mechanics of these investments, might make changes in value more volatile and subject investors to additional capital losses. The Performance Fee Composite group also relaxes the guideline for long only portfolios regarding size of an initial investment; in these portfolios initial investments can be up to 8% of investable assets. Because this initial investment amount is potentially higher, more portfolio value can be at risk in any particular investment. Further, the restriction for adding to an investment that declines in value is loosened which means that more total investable assets may be put at risk in a single investment. Finally, because of the more frequent trades and leverage employed in this composite investors will be subject to additional fees that do not exist for participants in the Long Only Composites; these additional fees can lower performance and returns. The increased risk profile of the portfolios in this composite group make it suitable only for Qualified Investors.

In addition, investors should be aware of the following commonly understood sources of risk that may exist in ValueWorks portfolios also realizing that the following does not intend to identify all possible risks of an investment with ValueWorks or provide a full description of all possible risks.

*Distressed Situation Risk.* Investment in distressed situations exposes the client to significant risks, including: the difficulty in obtaining information as to the issuer's true condition; regulatory risk, fraudulent conveyances, and bankruptcy; litigation risk; liquidity risk; and collection risk.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the ValueWorks may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk.

*Lack of Diversification.* Client accounts may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the client had a wider diversification among types of securities and other instruments, geographic areas or sectors.

*Leverage.* Performance may be more volatile if a client's account employs leverage and / or *Options*.

*Short Selling Risk.* The Long-Biased Composite includes an amount of short selling. These transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

### C. Particular Types of Securities Recommended and Their Risks

At ValueWorks the vast majority of our investments are in US equity markets and carry the risks inherent in this type of investment; we also have meaningful exposure to high yield and junk bond bonds which may carry similar degrees of risk. We have a number of investment options and all of them have risk profiles that approximate and track the broad US equity market, as measured by beta (a statistical measure of volatility) compared to the total return of the S&P 500. Many of the specific risks are described below, though this is not intended to be an exhaustive list of all risks possible in an investment portfolio.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry, an economic sector, a geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact any, all, or none of: the specific company, its industry or the market as a whole. Terrorism and related geo-political risks have led,



and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Fixed-Income and Debt Securities.* Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Investments in lower-grade debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

*Distressed Securities.* Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Distressed securities include those of a company currently in, or expected to be subject to, bankruptcy, restructuring, an operational turn-around or other similar events. There is substantial uncertainty concerning the outcome of transactions involving such issuers.

*Mortgage-Backed Securities.* Mortgage-backed securities are subject to credit risk associated with the performance of the underlying mortgage properties. Factors such as consumer spending habits, local economic and competitive conditions, tenant occupancy rates and regulatory or zoning restrictions, or the loss of a major tenant may adversely affect the economic viability of a mortgaged property. In addition, these securities are subject to prepayment risk. Some securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

*Security Futures and Options.* In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the client's account. In addition, ValueWorks' investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

*Illiquid Instruments.* Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio. In these cases ValueWorks will value the assets according to the methodology below.

From time to time ValueWorks may find the risk-reward profile of an investment compelling even though it is not a standard type of investment and not a type listed above. These investments are often available only to restricted classes of investors. In each case the specific investment is evaluated on its own merits, even in the case of unusual investments each will ultimately be decided on the merits of the individual investment opportunity.

*Valuation Procedure.* The market value of positions in securities shall be as follows: securities that are listed on an exchange or the NASDAQ Global Market and are freely transferable shall be valued at their last sale price during the regular or primary trading session on the date of determination, or, if no sales occurred on such day, at the "bid" price at the close of business on such day if held long and if sold short at the "asked" price at the close of business on such day. Securities traded over the counter and not on the NASDAQ Global Market that are freely transferable shall be valued at the last sale price during the regular or primary trading session on the date of determination, or, if no sales occurred on such day, at the "bid" price at the close of business on such day if held long and if sold short at the "asked" price at the close of business on such day. Options that are listed on a national options exchange shall be valued at their last sale price on the principal market on which such options shall have traded on such date; provided that if the last sale price of such options does not fall within the last "bid" and "asked" price for such options on such date, the options shall be valued at the mean between the last "bid" and "asked" price for such options on such date.

The market value of a commodity future, financial future, forward or other similar contract shall be the most recent available closing quotation on such exchange. Foreign currency forward contracts shall be valued based on forward foreign exchange rates at the close of business on the date of determination. If ValueWorks determines that such closing price does not accurately reflect the market value due to price limit constraints, such contract shall be valued at fair value as determined by ValueWorks.

Over-the-counter derivatives (excluding credit default swaps and total return swaps) are valued based on valuations obtained from one or more dealers in similar derivatives (selected by ValueWorks); provided, however, that, where appropriate, such derivatives shall be valued with reference to the asset underlying the derivative (applying this Section for valuing the underlying asset).

Over-the-counter credit default swaps are valued at the mean of their closing "bid" and "asked" quotations on the valuation date as quoted by one or more dealers (selected by ValueWorks); provided that if multiple two-sided market quotations are available from more than one dealer, the credit default swap is valued at the average of the mean of at least two of the two-sided quotations. In cases in which a two-sided market quotation is not available but there is a one-sided market quotation available (which quotation is current as of or within three trading days prior to the valuation date), the credit default swap is valued on the basis of such quotation, as modified by a price differential consistently applied by ValueWorks for similar credit default swaps. In the event a market quotation for a security or financial instrument is not readily available from any dealer or pricing service deemed to be reliable by ValueWorks, ValueWorks shall value the

applicable security or instrument using proprietary, standard and/or third-party models; provided, however, that, where appropriate, such instruments shall be valued with reference to the asset underlying the instrument (applying this section 6.02 for valuing the underlying asset).

Over-the-counter total return swaps are valued by ValueWorks on the basis of the asset underlying such total return swaps, as determined by ValueWorks (applying this Section for valuing the underlying asset).

Notwithstanding the foregoing, securities and other financial instruments for which no market prices are available or, for which ValueWorks determines in its reasonable discretion that available market quotations do not fairly represent the value of such securities or financial instruments, shall be valued at fair value employing methods determined in good faith by ValueWorks.

Item 9     Disciplinary Information

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ValueWorks is not currently, and has not been previously involved in any legal or disciplinary matters.

A. Criminal or Civil Action

N/A

B. Administrative Proceeding before the SEC

N/A

C. A Self-regulatory Organization Proceeding

N/A

## Item 10 Other Financial Industry Activities and Affiliations

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### A. Registration as a Broker-dealer

N/A

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor

N/A

### C. Relationship with Other Investment Company and Hedge Fund

ValueWorks is solely owned by Charles Lemonides. Mr. Lemonides also controls a separate entity, ValueWorks Capital which is the general partner of VWLP a limited partnership/hedge fund which uses ValueWorks as its investment manager. Clients of ValueWorks' separate account program may also be limited partners in VWLP.

Conflicts of interest may arise in favoring these performance fee investment vehicles over other investment formats. These potential conflicts are addressed and explained in Item 6, above.

### D. Selection of Other Investment Advisors

ValueWorks' clients are generally referred by non-affiliated broker-dealers. Consequently, ValueWorks does not generally suggest particular brokers or brokerage firms to clients. In cases where prospective clients are not so introduced, ValueWorks may suggest a Broker Dealer where we have an existing relationship. We do not take into account the value of research or other services in making those suggestions.

Item 11      Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

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A. Description of Code of Ethics

A full copy of ValueWorks' Code of Ethics is available on request.

From ValueWorks' Code of Ethics:

**Statement of General Principles**

At ValueWorks, compliance with all applicable laws and regulations pertaining to the investment management business and high levels of ethical practice is viewed as more than a legal requirement, but also as a goal in itself, and further as a competitive asset of the firm. We take the issue of regulatory compliance seriously and we are committed to staying in compliance with federal securities laws.

ValueWorks' business model is intentionally constructed to minimize potential conflicts of interest with clients and make compliance with all applicable regulations as straightforward as possible.

Violations of the letter and spirit of high ethical and compliance procedures are not expected. Any such violations will result in written reprimands maintained in a logbook along with other log records (i.e., error log, refund log, etc.). Multiple violations will result in termination.

ValueWorks requires that all supervised persons (advisory representatives and associated persons) immediately report any known or suspected violations of the Adviser's code of ethics or securities rules to the Compliance Officer, Charles Lemonides, CFA.

**Fiduciary Duties**

ValueWorks is a fiduciary to each and every client. The SEC takes the position that Investment Advisers owe their Clients several specific duties as fiduciaries. According to the SEC, the fiduciary duties include:

Advice that is suitable

Full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Adviser and about investment recommendations)

Utmost and exclusive loyalty and good faith

Best execution of transactions

The Adviser's reasonable care to avoid ever misleading clients

Only acting in the best interests of clients

It is ValueWorks' policy to protect the interests of each of the Adviser's clients and to place the clients' interests first and foremost in each and every situation.

**B. Practice and Conflict Regarding Recommending ValueWorks to Potential Clients**

Charles Lemonides is the sole owner of ValueWorks. Because of this position his opinion regarding the suitability for clients of this investment vehicle is often sought and given, notwithstanding the fact that he—through this business—will benefit personally from their participation. This area of practice has the potential for conflicts of interest.

To the extent that ValueWorks' client accounts are obtained through introductions from brokers or independent financial advisory firms brokers and advisors maintain ongoing financial service relationships with clients. Assets are held in accounts and traded at institutions where these brokers/advisors are affiliated. Because ValueWorks is involved at the request of the broker or advisor, a preliminary check of suitability is performed by a third party. This reduces the chance that ValueWorks will recommend itself inappropriately to a potential client. Further, a written statement of investment objective (questionnaire) is required when any new account is opened. From this we gain additional information about client suitability and attempt to ensure that anyone investing through a ValueWorks separate account has made a documented and suitable decision for their profile.

Charles Lemonides is also the managing member of ValueWorks Capital Partners LP the general partner of VWLP which uses ValueWorks as its investment manager. Because of this position his opinion regarding the suitability of VWLP as an investment vehicle is often sought and given, notwithstanding the fact that he—through this business—will benefit personally from their participation. This area of practice has the potential for conflicts of interest.

To the extent that VWLP participation is obtained through introductions from brokers or independent financial advisory firms, brokers and advisors maintain ongoing financial service relationships with clients. Because ValueWorks is involved at the request of the broker or advisor, a preliminary check of suitability is performed by a third party. This reduces the chance that ValueWorks will recommend itself inappropriately to a potential partner.

It is ValueWorks' policy to not engage in principal or agency-cross transactions. To effect this policy ValueWorks has adopted the following procedures as part of a comprehensive Compliance Manual.

- By dissemination of this manual, ValueWorks is communicating to all applicable Supervised Persons its prohibition on conducting principal or agency-cross transactions.
- The Chief Compliance Officer monitors trading activity to make sure that no principal or agency-cross transactions occur for advisory clients.

If circumstances require a Principal or Agency-cross trade and exception will be made in the Compliance exception log with an explanation of the circumstances

C. Investing in the Same Securities as Those Purchased for Clients

Personal Trading is a potential risk area for the firm, and needs to be monitored carefully.

As fiduciaries, we must put the interest of clients ahead of our own. Consequently, employees may not buy or sell securities for their own account, or for proprietary accounts of the firm (should we ever have one) before all client transactions are completed. This restriction applies to cases where we are buying or selling a particular security for a large number of our clients in a “block trade.” All transactions must be pre-approved by Charles Lemonides, and a record is kept for documenting the conformity with the spirit and intent of the regulation.

All employees must provide ValueWorks with duplicate statements and confirms for their personal securities accounts. Activity in these accounts is regularly reviewed by Steve Zell, COO.

D. Investing in the Same Securities at the Same Time as Those Purchased for Clients

See Item 11.D above.



## **Description of Factors Considered in Recommending Broker-dealers**

### **Research and Other Soft-Dollar Benefits**

There is some extent to which ValueWorks receives research or other products or services other than execution from Broker-Dealers and other third parties in connection with client securities transactions. These types of benefits can be part of a category of transactions known as a “soft dollar” relationships. It is ValueWorks intention to limit the use of “soft dollars” to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended. Soft dollars are allowed under this section, although they can create conflicts of interest by creating incentives for the benefit recipient to use the services of the benefit giver when those services are more expensive than they would otherwise be.

ValueWorks’ clients are generally referred by non-affiliated broker-dealers. Consequently, ValueWorks does not generally suggest particular brokers or brokerage firms to clients. Assets are held in accounts and traded at institutions where these brokers/advisors are affiliated. ValueWorks uses these client-designated and client-preferred service providers until the client directs otherwise in writing. The client selection of a broker/dealer will generally limit transactions to that broker/dealer and this client preference may limit our ability to obtain best execution on client transactions.

In cases where prospective clients are not introduced by a representative of a broker-dealer, ValueWorks may suggest a broker where we have an existing relationship. We do not take into account the value of research or other services in making those suggestions; all ValueWorks research is done in-house from primary sources (corporate financial statements, court documents, SEC filings, etc).

ValueWorks has arrangements to manage accounts custodied at various discount brokerage firms such as Schwab, Fidelity and TD Waterhouse. The selection of these and other brokers are primarily made after determining that the relationship will benefit clients. In the capacity of manager of these multiple account relationships ValueWorks may be granted rights to research, online trading, and account access or views that may not be available to the average retail client. These ancillary benefits may influence decisions made at ValueWorks about brokers to work with.

ValueWorks also maintains relationships and accounts at external firms for the purpose of trading securities away from client accounts. The selection and use of these firms may be subject to a conflict of interest, namely the interest in receiving research or other services rather than on the clients’ interest in receiving the most favorable execution.

Notwithstanding the above, it is possible that ValueWorks may have an incentive to select or recommend a broker-dealer based on a conflict of interest, namely the interest in

receiving research or other services rather than on the clients' interest in receiving the most favorable execution.

### **Brokerage for Client Referrals**

As above, ValueWorks' clients are generally referred by non-affiliated broker-dealers; when the client is introduced, they direct us to their preferred service providers.

Notwithstanding the above, it is possible that ValueWorks may have an incentive to select or recommend a broker-dealer based on a conflict of interest, namely the interest in receiving research or other services rather than on the clients' interest in receiving the most favorable execution.

### **Directed Brokerage**

ValueWorks does not recommend request or require that a client direct us to execute transactions through a specified broker-dealer. Rather, as above, we act on client instructions to use their preferred service providers.

Clients should be aware that in using the client's choice of service provider ValueWorks may be unable to achieve most favorable execution of their transactions. Directing brokerage in this way may result in the client paying higher fees than might otherwise be necessary.

### **Aggregation of Purchases and Sales**

In both wrap and dual contract programs, securities for a particular account may be bought as part of larger Aggregated Order. This is as part of an effort to the extent possible, to secure best execution which may include best price and most timely execution for all client accounts. As these orders are filled, securities are allocated to the individual accounts as appropriate.

ValueWorks' official policies on Trade Aggregation are included below as an excerpt from our Compliance Manual. Additional considerations also detailed in that manual may be relevant in individual circumstances; it is available by request.

### **Trade Allocation**

These trade allocation procedures govern the allocation of aggregated trades in securities placed on behalf of multiple clients. The trade allocation procedures are designed to promote fairness among the client accounts managed by ValueWorks and to conform to applicable laws and regulatory principles. The Trader will be responsible for ensuring that aggregated trades (*i.e.*, securities acquired in a single trade for multiple client accounts) are allocated to the multiple client accounts in accordance with these procedures.

### **Allocation Statement**

Aggregated orders are pre-allocated through the use of ValueWorks' trade order management system. These orders are reviewed by the Trader and the Portfolio Manager before they are processed.

In cases where an allocation needs to be changed after it has been sent to the BD, but before end-of-day, the original allocation list in the order book needs to be maintained with the final list and with a note identifying the reason for the change.

Any changes made after trade date need to be documented and approved by the Portfolio Manager. This is done only under very unusual circumstances, would be documented, and treated in a manner similar to a trade error (below).

## **Allocation of Orders**

### **Completely Filled Orders**

Where an aggregated trade is completely filled, each participating client account will receive the average share/security price for the aggregated order on the same day and transaction costs shall be shared among participating client accounts pro rata based on the level or participation in the aggregated trade.

An order will be deemed to be “filled in its entirety” even if takes more than a single day to complete the entire transaction, so long as there is a reasonable expectation that the order will be filled within a reasonable period. In such cases, the portion of the order completed each day will ordinarily be allocated on accordance with the Allocation Statement.

### **Partial Allocations**

When only a partial execution of an aggregated order occurs, ValueWorks will usually allocate the securities on a *pro rata* basis to each participating client account based on the initial amount requested and at the average price for the aggregated order. Exceptions and guidelines are noted below.

## **Allocation of Orders Filled Over Several Days**

In the case of a security in markets with low trading volume, it may be difficult to fill an order in the course of a single day. Filling an order over the course of two or more days may result in increased transaction costs and variable execution prices. If an aggregated order takes longer than a single day to fill, a pro rata portion of the order acquired on the first day will usually be allocated to the accounts in the trading group. The order rotation typically re-starts with the same group the next day to complete the outstanding order left from the day before. An alternative method that takes into account transaction costs may also be considered if the method achieves a degree of fairness to all participating clients over time, and that the allocations are documented.

## **Trade Allocation Exceptions**

If it is determined that prorating an aggregated order that is only partially filled will cause an impractical (small) amount of the security to be awarded to a client relative to the

targeted position quantity for the security within the portfolio or whether allocating such small amounts will generate unfairly high trade commissions for the client or for one of the reasons above, ValueWorks may depart from the above allocation procedures. In these situations the Trader will take the following guidelines into consideration:

- a. The accounts of related persons (e.g., Supervised Person, family and Company proprietary accounts) shall only receive shares after the orders of all unrelated accounts have been filled;
- b. Client account(s) without a current position in the security may receive the entire or partial allocation, (seek to pro-rate the allocation if more than one client's portfolio is without the current position and pro-rating yields a fair result);
- c. Client account(s) having the lowest percentage of the security, relative to the target level for that security, may receive the entire or partial allocation;
- d. If the executed quantity fills one client account's entire allocation, then that client account may receive the shares;
- e. If it is fair and reasonable that certain client accounts participating in an aggregated order be fully filled before others (e.g., for tax considerations), then these client accounts may receive full allocations, with the remaining shares/securities allocated *pro rata* among the other client accounts participating in the aggregated order;
- f. Client accounts with the highest percentage in cash may be allocated the entire or partial allocation; and
- g. Client accounts with the lowest percentage of assets of that industry may be allocated the entire or partial allocation.

All exceptions to the initial trade allocation are required to be documented.

### **Timing**

All allocations must be made on the same day and under no circumstances will ValueWorks delay allocation so that it can allocate the more favorable prices received during the day to one account and the less favorable prices to another account.

### **Prohibited Trade Allocations**

ValueWorks will not allocate trades:

- For the purpose of benefiting ValueWorks or any of its Supervised Persons; or
- To the accounts of business associates, friends or relatives while excluding other advisory clients from the allocation of any securities.

In general it is ValueWorks' policy to not engage in cross transactions to fill client trading needs (buying securities for one client account from another client account who sells

them)—however, clients should be aware that the possibility for this type of transaction does exist and may be used on rare occasions.

## Item 13    Review of Accounts

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### A. Periodicity of Account Review

Accounts are reviewed on an ongoing basis. Positions are generally monitored on a daily basis, and accounts are specifically reviewed at least quarterly. Each of these reviews is performed by Charles Lemonides, the firm's President and Chief Investment Officer.

### B. Additional Triggers of Account Reviews

Significant contributions or withdrawals, or changes in client objectives or financial circumstances trigger individual account reviews.

### C. Client Reporting

Clients receive quarterly performance reports complete with market commentary, quarterly performance, and securities holdings. For accounts that are not part of a wrap fee program, quarterly client reports also include a billing statement for the following quarter. Accounts within most wrap fee programs and select dual contract programs may receive analogous reports from the wrap fee sponsor or introducing broker instead of receiving them directly from ValueWorks. Clients are encouraged to compare any quarterly statements they receive from the qualified custodian with those received from ValueWorks.

Limited Partners in VWLP receive monthly letter detailing current NAV, yearly audited financial statements and K1's. They may also receive quarterly commentary.

## Item 14 *Client Referrals and Other Compensation*

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### A. Economic Benefits from Non-clients for Performing Services for Clients

ValueWorks does not receive any economic benefit from non-clients for providing investment services to clients.

### B. Compensating Non-Clients for Client Referrals

ValueWorks sponsors wrap programs at T.D. Waterhouse and the GMS group. ValueWorks is also the investment manager of these wrap programs. Additional information on these programs should be reviewed in the relevant Form ADV 2A Appendix 1: *Wrap Fee Program Brochure* available from ValueWorks.

In addition, ValueWorks has Solicitation arrangements to compensate The GMS Group and American Portfolios for money raised and allocated to VWLP.

Subject to negotiation ValueWorks pays the other party to these agreements between 20% and 50% of all fees received in connection with the particular relationship.

In any of these cases it is possible that ValueWorks and/ or the referring party could have an interest in the referral that is in conflict with the client's interests.

## Item 15 *Custody*

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In some relationships ValueWorks has custody of client assets. In specific cases an affiliate, the General Partner of VWLP, is deemed to have custody of the assets of VWLP.

In these cases clients will receive account statements from a broker-dealer, bank or other Qualified Custodian and clients should carefully review those statements. ValueWorks never acts as a Qualified Custodian.

ValueWorks also sends quarterly information directly to these clients in addition to the statements sent by the Qualified Custodian. Clients should compare any quarterly statements they receive from the Qualified Custodian with those received from ValueWorks.



## Item 16      Investment Discretion

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As part of the portfolio management agreement and service, ValueWorks is given discretionary authority to trade securities in the clients' account. ValueWorks determines both security selection and position size based on its particular value style investment discipline, and its professional expertise and judgment regarding optimal portfolio construction. Clients may request that ValueWorks not purchase particular securities for their accounts, such as to when they already hold significant positions in outside accounts. Clients may also request transactions for tax considerations.

#### A. Proxy Policy

ValueWorks proxy policy is available below and upon request from ValueWorks. It is also made available annually to all clients.

It is ValueWorks' policy to make sure that clients are aware of their right to vote proxies of securities held in their accounts and, where clients have delegated proxy voting to ValueWorks, to advise them that ValueWorks is not required to vote proxies and does not give advice on proxy votes. In general ValueWorks reviews but does not vote proxies.

SEC Rule 206(4)-6 under the Investment Advisers Act of 1940 requires advisers registered under the Act to adopt and implement procedures for voting proxies, describe those procedures to their clients, and disclose to clients how they may obtain information about how the adviser has voted those proxies.

Under the Advisers Act an adviser owes its client a fiduciary duty with respect to all services undertaken on the client's behalf, including the voting of proxies. An advisor's fiduciary duty includes the duty of care as well as the duty of loyalty to clients. The duty of care requires an adviser given authority to vote proxies to monitor corporate events and to vote the proxies if it is in the best interest of their clients to do so. A duty of loyalty requires the adviser to vote proxies in a manner consistent with the best interest of the client and precludes the adviser from subrogating the client's interest to its own.

ValueWorks employs the following policy with respect to voting client proxies.

- a. All proxy voting decisions are reached by ValueWorks' Chief Investment Officer and Managing Member, Charles Lemonides or an appropriate person designated by him. As ValueWorks generally employs a passive investment approach, it only exercises its proxy voting rights in limited circumstances. When reaching a decision on how to vote, and whether to vote client's proxies, ValueWorks takes into consideration the size of an individual client's position in the company, the overall position in the company held by all ValueWorks' clients, the nature of the proposed action to be taken, and the probable effect, if any, of the proposed action on the value of the client's holdings.
- b. Proxy statements are individually reviewed for all "Core Holdings" of ValueWorks. Proxy material related to such "Core Holdings" are available for review on electronic media. "Core Holdings" are defined as those constituting greater than 1% of the overall assets managed by ValueWorks.

Under amendments to rule 204-2 of the act with respect to record keeping requirements, Advisers are required to keep certain records regarding their proxy votes on behalf of clients. In order to fulfill this requirement, ValueWorks maintains a log to document and record how individual proxies are voted in cases where ValueWorks proactively votes

client proxies. This log includes the factors considered in reaching a decision to vote proxies in a particular manner. Clients should be aware that proxy votes can create conflicts of interest. Material factors that are perceived as offering a conflict between the client's interests and those of ValueWorks are documented to provide a basis to review and ensure that client interests' are not subrogated to the advisor's interest.

ValueWorks also maintains a log of all customer requests for proxy voting material and a copy of ValueWorks' response to that request.

ValueWorks is under no obligation to vote proxies on behalf of clients and factually does so only rarely.

B.  
N/A

## Item 18 Financial Information

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### A. Solicited Prepayments

ValueWorks does not solicit prepayments of any amount six months or more in advance.

### B. Conditions Likely to Impair Ability to Meet Contractual Obligations with Clients

ValueWorks main contractual obligations to clients are to provide investment advice and, where the relationship is terminated and the request is made, to reimburse clients for the pre-payment of fees. There is no financial condition that appears reasonably likely to impair ValueWorks' ability to meet these obligations; however there are always the possibilities of litigation, bankruptcy, complete economic devastation, etc. It is worth noting that ValueWorks is a small firm and the important decision making functions are concentrated in only a few members of the team. If any of these members were to choose to leave, the company could find it difficult for a time to meet its obligations to clients.

### C. Bankruptcy Filings

N/A

Item 19      Requirements for State-Registered Advisers

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N/A

Part 2B of Form ADV: Firm *Brochure*

Item 1 Cover Page

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T:212 819 1818 F:212 819 1463

Charles S. Lemonides, CFA

March 13, 2017

*This brochure supplement provides clients with information about Charles S. Lemonides that supplements the Valueworks, LLC disclosure brochure. You should have received a copy of the Valueworks, LLC disclosure brochure. Please contact Laila or Valerie at 212-819-1818 if you did not receive a copy of the Valueworks, LLC disclosure brochure or if you have any questions about the contents of this brochure supplement. Additional information about Charles S. Lemonides is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov); the brochure is always available at [www.ValueWorksLLC.com](http://www.ValueWorksLLC.com)*

## Item 2 – Educational Background and Business Experience

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Valueworks, LLC (“ValueWorks”) is composed of experienced investment professionals possessing a broad range of knowledge within the securities industry. Advisory persons associated with ValueWorks must possess appropriate business experience and have all required licenses.

### **Charles S. Lemonides**

Born: 1962

#### Education

BA in History from Vassar College (1984)

Postgraduate studies in Economics from New York University (1986-1988)

#### Employment History

Founder, Chief Investment Officer and Chief Compliance Officer, Valueworks, LLC (2002 – Present)

#### Professional Licenses/Designations

Chartered Financial Analyst (1989)

*About the Chartered Financial Analyst designation:*

*The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.*

*There are currently more than 90,000 CFA charter holders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.*

### **High Ethical Standards**

*The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:*

- *Place their clients’ interests ahead of their own*
- *Maintain independence and objectivity*

- *Act with integrity*
- *Maintain and improve their professional competence*
- *Disclose conflicts of interest and legal matters*

### **Global Recognition**

*Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charter holders—often making the charter a prerequisite for employment.*

*Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.*

### **Comprehensive and Current Knowledge**

*The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.*

*The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.*



### **Item 3 – Disciplinary Information**

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Charles Lemonides is required to disclose any legal or disciplinary events that are material to a client's or a prospective client's evaluation of him. Mr. Lemonides has no legal or disciplinary events to report.

## **Item 4 – Other Business Activities**

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### Investment Related Business or Occupation

Mr. Lemonides is also the managing member of ValueWorks Capital LP, the general partner of ValueWorks Limited Partners, a private limited partnership organized as a pooled investment vehicle (e.g., a “hedge fund”). In his capacity as the managing member of the hedge fund’s general partner, Mr. Lemonides is eligible to receive performance-based compensation. Please see Item 6 of the ValueWorks firm disclosure brochure for additional information on the potential conflicts of interest posed by this relationship as well as ValueWorks policies and procedures for mitigating such conflicts.

### Other Business or Occupation

Mr. Lemonides is not actively engaged in any other business or occupation for compensation.

## **Item 5 - Additional Compensation**

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Charles Lemonides does not receive any economic benefits from a non-client for providing advisory services.

## Item 6 – Supervision

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Charles Lemonides trading and business activities are monitored by Steven Zell as COO of ValueWorks and by Valerie Chasteau as Head of Administration. Mr. Zell and Ms Chasteau can be contacted by phone at 212-819-1818. The Company monitors the advisory activities of Charles Lemonides through:

- Review of the opening of all new client accounts.
- Periodic and regular monitoring of trade activities.
- Periodic and regular monitoring of client correspondence, including email.
- Periodic and regular monitoring of their personal trading activities including any account over which Mr. Lemonides has direct or indirect beneficial interest.
- Periodic and regular monitoring of Mr. Lemonides outside business activities.

Additionally, the Company maintains a Compliance Policies and Procedures Manual and Code of Ethics to guide the supervision of the Company's advisory activities.