Quarterly Report

July 31, 2012

Roumell Asset Management, LLC

Second Quarter Summary

Performance Summary

	2Q 2012	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Since Inception*
		Annualized as of 6/30/12						Total Return
Roumell Equity (Net)	**2.56%**	**7.25%**	**-5.61%**	**11.68%**	**0.21%**	**7.33%**	**9.94%**	**259.43%**
S&P 500	-2.75%	9.49%	5.45%	16.40%	0.22%	5.33%	2.61%	41.56%
Russell 2000	-3.47%	8.54%	-2.08%	17.79%	0.54%	7.00%	6.22%	125.93%
Russell 2000 Value	-3.01%	8.23%	-1.43%	17.43%	-1.05%	6.50%	7.86%	177.68%
Roumell Balanced (Net)	**2.24%**	**5.74%**	**-2.03%**	**10.34%**	**0.36%**	**6.15%**	**7.46%**	**164.05%**
Thomson US Bal Index	-2.10%	5.71%	1.87%	11.28%	1.47%	4.67%	3.35%	55.99%
Roumell Fixed Income (Net)	**1.84%**	**3.29%**	**2.61%**	**9.11%**	**N/A**	**N/A**	**14.00%**	**58.16%**
Barclays US Aggregate Bond	2.06%	2.38%	7.48%	6.93%	N/A	N/A	6.49%	24.60%
Barclays US Corp Hi Yield	1.83%	7.27%	7.28%	16.30%	N/A	N/A	22.79%	105.16%

**Inception of Roumell Equity and Roumell Balanced is 1/1/99. Inception of Roumell Fixed Income is 1/1/09.*

Roumell Asset Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Ashland Partners & Co. LLP, our independent verifier, completed its examination of the composite performance returns for the period of 1999 (inception) through March 31, 2012. All returns include reinvested dividends and interest. Please refer to the annual disclosure presentations at the end of this letter.

Our second quarter performance was good. First, investments made over the past 18 months have begun to mature. Second, a conservative allocation helped while overall markets fell. Year-to-date, our performance numbers have been accomplished with roughly 50% invested in common stocks, 25% in corporate bonds, and 25% in cash. On a rolling three-year basis since inception (43 periods, calculated quarterly), our performance has exceeded the S&P 500 in 81% of the time periods. Clearly, this is not the case in the current three-year period of 6/30/09 to 6/30/12, but we feel confident that our performance edge will resume. We continue to believe that highly specific, special-situation equities combined with select purchases of asset-backed higher yielding corporate bonds will serve our clients well. The analysis underscoring our investments is sound.

The Roumell Asset Management Investment Philosophy

Roumell Asset Management, founded in 1998, pursues long-term capital growth and income through opportunistic value investing. We believe owning a basket of deeply researched, conservatively financed securities, which are overlooked by Wall Street and thus able to be bought cheaply, maximizes the probability of solid returns over time. The firm adheres to the following approach:

- We analyze a company as a private business. The price we pay for a common stock must be at a substantial discount to what we believe the issuer is worth as a private company. We ask ourselves if we would want to own the entire company at the price being offered.

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- We find value by pursuing securities that are out of favor, overlooked, or misunderstood, where an analytical or informational edge is more likely, as compared to popular securities, which are well understood by most investors.
- In the absence of compelling investment opportunities, we hold cash.
- We invest predominantly in companies with strong balance sheets, an approach that we believe dramatically reduces our risk of permanent loss of capital. The companies in which we invest possess valuable assets, tend to have substantial cash positions, and are typically unencumbered by significant liabilities.
- Roumell does not share the common view that volatility is risk. While volatility can be distressing, it creates exceptional investment opportunities for those poised to exploit it. Further, it offers us the chance to reduce the average cost on our existing positions. We simply believe thorough research and a great price ultimately trump the discomfort of volatility.
- Because our investments are based on specific knowledge, we have less of a need to over-diversify. We typically invest about 5% of our portfolio in each of our highest-conviction ideas, whereas most mutual funds often invest only 2% in high-conviction ideas. We believe that our best ideas deserve much more of our capital.
- Management teams with whom we partner are measured by integrity, drive, competence as operators and capital allocators, and incentives to do right by shareholders.
- We invest in corporate bonds, most often supported by hard assets, that offer attractive yields and are protected by rights to claim assets ahead of common and preferred stock.
- Our research process is relentless and includes regular travel to see management teams, assets, customers, and competitors firsthand.
- We measure ourselves on a rolling three-year basis because the gap between market value and intrinsic value often does not close in one quarter or even one year.
- When our target price is met, we sell.
- We believe that the temperament to remain steadfast in our analytical conviction, especially when others are consumed by fear or blinded by enthusiasm, is necessary to obtaining superior long-term returns. Further, flexibility must be maintained in order to avoid the pitfalls of overconfidence.

Higgs Boson, Markowitz, and Graham

A "unified theory" has long been the Holy Grail in theoretical physics that could account for both subatomic and universal realities. It appears the field has made a giant leap forward with the recent discovery of the Higgs boson particle, commonly referred to as the "God particle." Higgs boson accounts for the various strains of information, analyses, and data that physicists, working with different approaches, have gained over the years from their efforts to better understand our universe. While some physicists prefer to focus on big-picture questions like how time and space interact, others prefer to ask why some particles have mass, while others, such as light, do not. Different starting points, same goal: knowledge.

Although investing is certainly not a hard science, it too has long pursued its own unified theory. On the one hand, financial planners and advisers use asset allocation to construct portfolios with multiple asset classes in order to spread risk and reduce volatility. Harry M. Markowitz is known for his pioneering work on Modern Portfolio Theory. Markowitz's *Portfolio Selection*, which he wrote in 1952 while a graduate student at the University of Chicago, serves as the framework for planners using asset allocation as the primary portfolio construction tool. Markowitz argued that a portfolio should be designed using uncorrelated asset classes to maximize returns with the greatest efficiency (reduced volatility).

The shortcomings of the asset allocation model include today's high level of correlation among asset classes. In addition, performance is tied to overall market returns and leaves little opportunity to exploit market inefficiencies. Of course, many investors in this camp believe security prices reflect all known information and are thus always efficiently priced.

In contrast to the investment allocators are individual securities investors. For value investors like us, Benjamin Graham wrote the gospel with its emphasis on specific security characteristics, margin of safety, and the temperament to see the process to fruition. Graham elegantly stated in 1934, "The field of analytical work may be said to rest upon a two-fold assumption: first, that the market price is frequently out of line with the true value; and, second, that there is an inherent tendency for those disparities to correct themselves." **The mantra for security-specific investors is that market price diverges from intrinsic value often enough to add investment value, particularly in smaller overlooked and/or out-of-favor securities.**

As decided adherents of the security-specific, bottom-up value investment camp, Roumell Asset Management does not begin with a belief that we should own a little of everything. Rather, we begin by searching for value in the marketplace, wherever it may be. We firmly believe that obsessing about price paid has a far greater impact on securing respectable returns than gauging what John Maynard Keynes referred to as "the average opinion of the average opinion." There are multitudes of analysts, commentators, and investors putting forth their opinions about the upcoming direction of gold bullion, U.S. Treasury bonds, and the stock market. We have nothing of substantive value to add to this conversation. It's not what we do.

A subtle but highly important distinction in reviewing market efficiency literature is necessary, in our view. To paraphrase Warren Buffett, the difference between markets being *mostly* efficient and *always* efficient is the difference between night and day. Interestingly, Berkshire Hathaway seeded additional capital to its two recently hired portfolio managers and gave them authority to manage the funds "exactly as they see fit."

The reasonable question to ask then is how much should a portfolio be constructed with an emphasis on hitting all the major asset-class boxes (large cap growth, small cap value, emerging market stocks, corporate bonds, etc.) versus putting together a portfolio of security-specific-focused managers with the latitude to go anywhere in their search for value? In other words, rather than arguing about who's "right" perhaps it's more reasonable to simply ask: How much Markowitz and how much Graham does an investor want in his or her portfolio? An allocator only need believe that markets are *inefficient enough* to warrant some exposure to security-specific, bottom-up investors, be they growth or value oriented.

We do not seek to change any investor's mind regarding investment philosophy. Rather, we want our investors to understand our investment philosophy. Our clients can trust that 100% of our own investment capital will remain invested in our portfolio options because determined research, a deep appreciation for value, a contrarian bent, and a steady temperament are what make the most sense to us.

Finally, we believe our modest size provides an investment advantage. We intend to remain of an asset size that allows us to take positions in smaller, less liquid securities that can have a meaningful impact on portfolio returns.

Top Three Purchases

Chesapeake Energy Corporation 7.25% 12/15/18 Bonds. Chesapeake (CHK) is the second largest natural gas producer in the United States after ExxonMobil. The company's total net debt of roughly $12.5 billion equals its market capitalization, even after a dramatic drop in its stock price this year. A combination of persistently weak natural gas prices and an ethically challenged CEO in Aubrey McClendon provided us with an attractive price resulting in a yield of 7.25% for a six-year bond. Our CHK bond purchase well illustrates the types of high yield corporate debt situations we pursue: companies possessing monetizable hard assets that are roughly 2x net debt. These situations are often available at attractive pricing because of rating agencies' emphasis on current cash flow as opposed to total asset value.

CHK's bonds had been trading at roughly $110 at the time the company announced it had a significant gap between its cash flow and capital expenditures for 2012, resulting in the need to sell assets. According to the company, the funding gap of roughly $11 billion will be offset by asset sales this year of $11.5 to $14 billion (to date, approximately $2.6 billion has been completed). The company anticipates exiting 2012 with between $9 and $11.5 billion of net debt, less than 40% of its current enterprise value (market capitalization plus net debt). We exploited the fear surrounding the CHK situation and purchased its 7.25% bonds at par because we believe the company possesses quality assets that are widely diversified and desired. At 5.5x 2013 pre-interest cash flow estimates, the company's asset value is roughly $24 billion, about 2x its net debt.

In our view, the company's net asset value trumps its funding gap, weak natural gas prices (which we do not expect to stay depressed), and a compromised CEO. However, these are the reasons why we are not interested in owning this company's equity. Mr. McClendon was recently stripped of his chairmanship after it was revealed that he obtained personal loans using his stake in certain company wells as collateral. Of note, CHK had no problem quickly arranging a $3 billion unsecured loan that matures in 2017 to assist its liquidity needs as it maps out appropriate asset sales. Finally, given the company's equity ownership (Longleaf Partners and Carl Icahn are large holders calling for the possible sale of the company), we stand a chance of owning a higher-rated credit because an acquirer would likely be a major energy company.

As we have argued in the past, 7.25% locked in for several years is a highly attractive return given (1) effectively 0% current cash returns and (2) the history of stock market returns over time. The trailing 10-year return of the S&P 500 (through 6/30/12) is 5.33%. As well, investors had to endure two periods during which the stock market fell by more than 50% in order to earn that return. In fact, the S&P 500 failed to generate an 8% annualized return in more than 40% of the 10-year rolling periods, beginning each month, since January 1926.

Clayton Williams Energy, Inc. 7.75% 4/1/19 Bonds. Clayton Williams (CWEI) is a small, independent oil and gas exploration and development company with reserves in Texas, Louisiana, and New Mexico. CWEI also owns pipeline and rig assets. The company's management team has been in place a long time and witnessed many energy markets. Clayton Williams, Jr., President and CEO, has been with the company for 55 years. Mel Riggs, COO, and Michael Pollard, CFO, have been with the company for 28 years and 19 years, respectively. Mr. Williams owns 51% of the company's common stock. As bondholders, we are senior to him in the company's capital structure.

CWEI had a productive 2011. Cash flow from operations was up 34% to $280 million, and total proved reserves of 64.3 million barrels of oil equivalent (BOE) increased 26%. The company's reserves are "oily" and thus have been less affected by low dry natural gas prices. Oil and NGL (natural gas liquids) account for 71% of reserves. Similar to CHK, CWEI's current net debt of about $540 million is roughly equal to its market capitalization of $560 million. Net debt to EBITDAX (earnings before interest, taxes, depreciation, depletion, amortization, and exploration expenses) is a modest 2x. Using our most bearish assumptions on the company's reserves leaves a total asset value of roughly $900 million, well in excess of net debt.

The company's oil focus, large development drilling inventory in Texas's Permian Basin, cost control flexibility provided by its own drilling fleet (14 rigs), and proven management team give us confidence that our bonds are money good. Our 7.75% bonds were purchased slightly below par and offer us what we believe is an attractive, steady annual income stream. This is our second time invested in CWEI bonds; our first bonds were called after having been purchased at a very deep discount to par in 2009.

Dell, Inc., DELL. Dell is the third largest provider of personal computers in the world. Several years ago, Dell initiated a strategy to diversify its business into enterprise solutions, software, and services. Twenty percent of the market capitalization is in net cash, and the company can be bought today for 5x operating earnings. The market is rightly concerned about the PC business, which currently accounts for one third of firm profits. Two thirds of firm profits, however, are derived from the company's higher margin software, enterprise solutions, and services business. Roumell Asset Management augments its smaller company focus with larger, well-capitalized companies that are unpopular in the public marketplace. These securities are purchased at deeply out-of-favor prices and sold when the securities are more reasonably priced, taking advantage of what we believe is a valuation extreme. Our investment in Dell exemplifies this strategy. We have had success with this particular stock in the past; in 2010 we invested in Dell at a similar price and profitably exited in late 2011.

Since returning as CEO in 2007, Michael Dell has steadily acquired $500 million of stock, increasing his ownership to 13% of the company. The board has returned a lot of cash to shareholders: the company has repurchased nearly one third of its stock in the last nine years, and a recently instituted dividend currently yields about 2.6%.

Disclosure: The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. The top three securities purchased in the quarter are based on the largest absolute dollar purchases made in the quarter.

Roumell Asset Management, LLC
Balanced Composite
Annual Disclosure Presentation

		Composite Assets		Annual Performance Results			3-Yr Annualized Standard Deviation	
Year End	Total Firm Assets (Millions)	USD (Millions)	Number of Accounts	Composite Net	Thomson US Balanced Mutual Fund	Composite Dispersion	Composite Net Standard Deviation	Thompson US BL MF Standard Deviation
2011	306	79	173	-5.19%	0.53%	4.28%		
2010	311	83	167	12.25%	11.75%	2.59%		
2009	249	55	124	33.19%	23.19%	5.79%		
2008	166	40	121	-22.82%	-26.97%	5.01%		
2007	270	75	154	-7.58%	5.76%	3.71%		
2006	280	87	158	14.00%	10.47%	3.69%		
2005	199	73	142	8.56%	4.22%	2.67%		
2004	123	66	119	16.48%	7.79%	3.82%		
2003	66	42	100	28.26%	18.60%	3.94%		
2002	41	27	79	-9.70%	-11.36%	3.77%		
2001	31	17	39	21.18%	-4.19%	4.75%		
2000	19	10	23	8.47%	1.95%	4.53%		
1999	16	9	22	12.53%	8.35%	2.63%		

Balanced Composite contains fully discretionary balanced accounts (consisting of equity, fixed income, and cash investments). Roumell Asset Management, LLC (Roumell) is an opportunistic capital allocator with a deep value bias. On average, Balanced accounts have a target of 65% equity (provided an appropriate number of securities are found that meet Roumell's deep value investment criteria), with the remaining 35% in fixed income and cash. The equity allocation is all cap with a focus on smaller companies. In selecting bond investments, Roumell exercises its value discipline and buys only fixed income securities that it believes represent value on a risk-adjusted basis. It may buy individual government agency, investment grade and high-yield corporate, municipal and foreign bonds and closed-end bond funds. When fully invested, accounts will hold about 25 to 30 positions. Roumell will hold cash in the absence of sufficient investment opportunities. For comparison purposes, the Balanced Composite is measured against the Thomson US Balanced Mutual Fund Index. In presentations shown prior to March 31, 2006, the composite was also compared against the Lipper Balanced Index. Additionally, in presentations prior to December 2006, the composite was measured against the Vanguard Balanced Index Fund. The Thomson US Balanced Mutual Fund Index is a blend of more than 500 balanced mutual funds and is therefore deemed to more accurately reflect the strategy of the composite. The Balanced Composite was created January 1, 1999.

Roumell Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Roumell Asset Management, LLC has been independently verified by Ashland Partners & Company LLP for the periods January 1, 1999 through March 31, 2012. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Balanced Composite has been examined by Ashland Partners & Company LLP for the periods January 1, 1999 through March 31, 2012. The verification and performance examination reports are available upon request.

Roumell Asset Management, LLC is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Beginning in 2010, for certain of these accounts, net returns have been reduced by a performance-based fee of 20% of profits, paid annually in the first quarter. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Prior to and post 2006, there were no wrap fee accounts in the composite. For the year ended December 31, 2006, wrap fee accounts made up less than 1% of the composite. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Dispersion calculations are greater as a result of managing accounts on a client relationship basis. Securities are bought based on the combined value of all portfolios of a client relationship and then allocated to one account within a client relationship. Therefore, accounts within a client relationship will hold different securities. The result is greater dispersion amongst accounts. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The 3-year annualized ex-post standard deviation is not presented because 36 monthly returns are not available.

The investment management fee schedule for the composite is as follows: for Direct Portfolio Management Services: 1.75% on the first $200,000, 1.50% on the next $300,000, and 1.00% on assets over $500,000; for Sub-Adviser Services: determined by adviser; for Wrap Fee Services: determined by sponsor. Actual investment advisory fees incurred by clients may vary.

Roumell Asset Management, LLC
Fixed Income Composite
Annual Disclosure Presentation

		Composite Assets		Annual Performance Results				3-Yr Annualized Standard Deviation		
Year End	Total Firm Assets (Millions)	USD (Millions)	Number of Accounts	Composite Net	Barclays US Aggregate Bond	Barclays US Corp High Yield	Composite Dispersion	Composite Net Standard Deviation	Barclays US Aggr Bond Standard Deviation	Barclays US Corp High Yield Standard Deviation
2011	306	7	10	1.90%	7.84%	4.98%	1.01%			
2010	311	6	11	8.85%	6.54%	15.15%	1.07%			
2009	249	5	11	38.06%	5.94%	58.21%	N/A			

N/A—Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Fixed Income Composite contains fully discretionary fixed income accounts (consisting of closed-end bond funds, individual bonds, and open-end bond funds). Roumell Asset Management, LLC (Roumell) is an opportunistic capital allocator with a deep value bias. Fixed Income accounts are designed to generate meaningful current income and experience principal appreciation by buying at a discount to stated par value. The focus is to identify attractive high yield, non-investment grade corporate debt and discounted closed-end bond funds. However, accounts will invest in other forms of fixed income securities if the investment opportunity meets Roumell's opportunistic deep value emphasis. For comparison purposes, the Fixed Income Composite is measured against the Barclays Capital US Aggregate Index and Barclays Capital US Corporate High Yield Index. The Fixed Income Composite was created January 1, 2009. Roumell Asset Management, LLC will hold cash in the absence of sufficient investment opportunities.

Roumell Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Roumell Asset Management, LLC has been independently verified by Ashland Partners & Company LLP for the periods January 1, 1999 through March 31, 2012. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Fixed Income Composite has been examined by Ashland Partners & Company LLP for the periods January 1, 2009 through March 31, 2012. The verification and performance examination reports are available upon request.

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The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. For certain of these accounts, net returns have been reduced by a performance-based fee of 20% of profits, paid annually in the first quarter. Net returns are reduced by all fees and transaction costs incurred. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Dispersion calculations are greater as a result of managing accounts on a client relationship basis. Securities are bought based on the combined value of all portfolios of a client relationship and then allocated to one account within a client relationship. Therefore, accounts within a client relationship will hold different securities. The result is greater dispersion amongst accounts. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The 3-year annualized ex-post standard deviation is not presented because 36 monthly returns are not available.

The investment management fee schedule for the composite is as follows: for Direct Portfolio Management Services: 1.00% on all assets; for Sub-Adviser Services: determined by adviser. Actual investment advisory fees incurred by clients may vary.

Roumell Asset Management, LLC
Equity Composite
Annual Disclosure Presentation

		COMPOSITE ASSETS		ANNUAL PERFORMANCE RESULTS					3-YR ANNUALIZED STANDARD DEVIATION			
YEAR END	TOTAL FIRM ASSETS (MILLIONS)	USD (MILLIONS)	NUMBER OF ACCOUNTS	COMPOSITE NET	S&P 500	RUSSELL 2000	RUSSELL 2000 VALUE	COMPOSITE DISPERSION	COMPOSITE NET STANDARD DEVIATION	S&P 500 STANDARD DEVIATION	RUSSELL 2000 STANDARD DEVIATION	RUSSELL 2000 VALUE STANDARD DEVIATION
2011	306	175	466	-9.51%	2.11%	-4.19%	-5.49%	2.17%				
2010	311	189	479	14.71%	15.06%	26.85%	24.49%	2.17%				
2009	249	153	414	42.19%	26.47%	27.18%	20.57%	5.57%				
2008	166	104	413	-27.35%	-36.99%	-33.79%	-28.93%	3.40%				
2007	270	178	549	-7.67%	5.49%	-1.57%	-9.78%	2.68%				
2006	280	176	458	16.89%	15.79%	18.37%	23.48%	2.18%				
2005	199	111	312	12.38%	4.91%	4.55%	4.71%	2.59%				
2004	123	47	125	20.18%	10.88%	18.33%	22.25%	2.69%				
2003	66	15	46	32.13%	28.69%	47.25%	46.03%	4.04%				
2002	41	8	44	-10.15%	-22.10%	-20.48%	-11.43%	4.33%				
2001	31	5	30	32.76%	-11.89%	2.49%	14.02%	6.33%				
2000	19	2	12	7.97%	-9.10%	-3.02%	22.83%	4.05%				
1999	16	2	9	26.02%	21.04%	21.26%	-1.49%	3.92%				

Equity Composite contains fully discretionary equity accounts. Roumell Asset Management, LLC (Roumell) is an opportunistic capital allocator with a deep value bias. Equity accounts can have up to 100% of their assets invested in stocks in the ideal situation where an appropriate number of securities are found that meet Roumell's deep value investment criteria. Historically, these accounts have emphasized common stocks (all cap with a focus on smaller companies). However, Roumell will also selectively purchase a mixture of high yield bonds and discounted closed-end bond funds if it is believed that these offer a favorable risk/reward profile. When fully invested, accounts will hold about 25 to 30 positions. Roumell will hold cash in the absence of sufficient investment opportunities. For comparison purposes, the Equity Composite is measured against the S&P 500, Russell 2000, and Russell 2000 Value Indices. The S&P 500 Index is used for comparative purposes only and is not meant to be indicative of the Equity Composite's performance. In presentations shown prior to March 31, 2005, the composite was also compared against the Nasdaq Index. The benchmark was eliminated since it did not represent the strategy of the composite. The Equity Composite was created January 1, 1999.

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The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Wrap accounts are included in the composite. As of December 31, 2006, 2007, 2008, 2009, 2010, and 2011, wrap fee accounts made up 33%, 36%, 31%, 33%, 41%, and 40% of the composite, respectively. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

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The investment management fee schedule for the composite is as follows: for Direct Portfolio Management Services: 1.75% on the first $200,000, 1.50% on the next $300,000, and 1.00% on assets over $500,000; for Sub-Adviser Services: determined by adviser; for Wrap Fee Services: determined by sponsor. Actual investment advisory fees incurred by clients may vary.