SIRE LINE
Capital Management

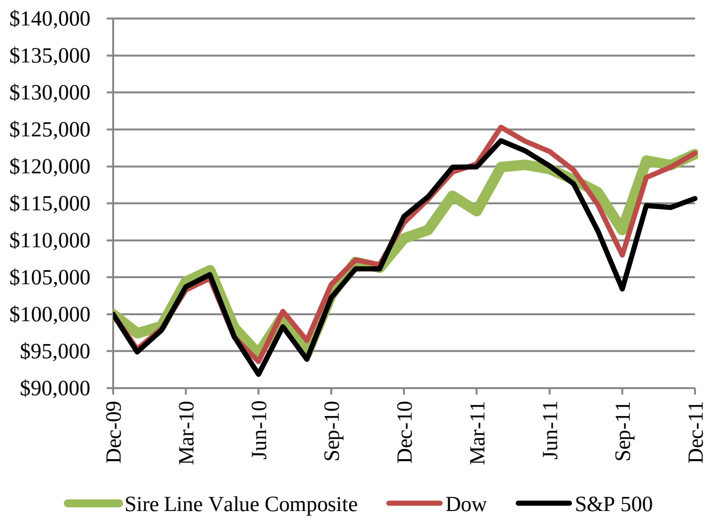
2011 Annual Report

159 Madison Avenue, Suite 10i, New York, NY 10016 | (646) 526-8403 | info@sirelinecapital.com | www.sirelinecapital.com

January 21, 2012

Performance Report from
Daren Taylor, Portfolio Manager

THE VALUE OF A $100,000 INVESTMENT IN THE SIRE LINE VALUE COMPOSITE FROM INCEPTION (1/4/2010) TO PRESENT (12/31/2011) AS COMPARED TO THE S&P 500 INDEX AND THE DOW JONES INDUSTRIAL AVERAGE (UNAUDITED)



NOTE: *Accounts included in this product composite are fully discretionary taxable and tax-exempt portfolios. They are managed under our value style, which invests primarily in high-quality businesses that 1) are simple to understand, 2) have a consistent operating history and favorable long-term prospects, 3) are managed by honest and able managers whose interests are aligned with ours and 4) can be purchased at a significant discount to intrinsic value. The performance of the Sire Line Value Composite is net of fees. All performance figures in the chart above begin as of the close on January 4, 2010.*

Performance Measurement

The objective for all of our portfolios is to outperform all relevant benchmarks over the long term. The chart above shows a comparison of a $100,000 investment in the S&P 500 Index (S&P 500), the Dow Jones Industrial Average (Dow) and the Sire Line Value Composite since inception.

The S&P 500 is an unmanaged, market capitalization weighted index that measures the equity performance of 500 leading companies in the U.S. today. Firms included in the S&P 500 account for approximately 75% of the value of all U.S. stocks. Therefore, it acts as a fairly good proxy for the total market. Clients could easily replicate the performance of the S&P 500 by investing in an index fund at little cost. For discussion purposes below, I will focus on this benchmark to address our relative performance.

Our Performance in 2011

The Sire Line Value Composite (SLVC) experienced a gain of 10.3% in the calendar year 2011. Our performance compares favorably to the performance of the S&P 500 Index, which gained 2.1% in 2011. Our gain of 10.3% last year also looks good when measured against the average professional money manager. In 2011, the average U.S. diversified stock mutual fund experienced a decline of nearly 3%, with roughly 75% of all professional money managers failing to beat the S&P 500 Index.

Inception to date, the SLVC has achieved a net gain of 21.7%. This also compares favorably to performance of the S&P 500, which has increased by 15.6% over the same time period.

Notable portfolio winners during 2011 include H&R Block (+37%), Viacom (+29%), Google (+25%), Diageo (+18%) and Intel (+15%). Our portfolio's biggest losers during the year include Bank of NY Mellon (-34%), Best Buy (-26%), Bank of America (-20%) and Becton Dickinson (-12%). Part of our relative outperformance in 2011 was driven by our lack of exposure to cyclical and commodity-related businesses, which were weak performers on the year. In addition, our short position in small cap stocks combined with our high cash levels going into the summer months (before the drop in the market) helped us to weather the turbulent third quarter in the global financial markets better than most.

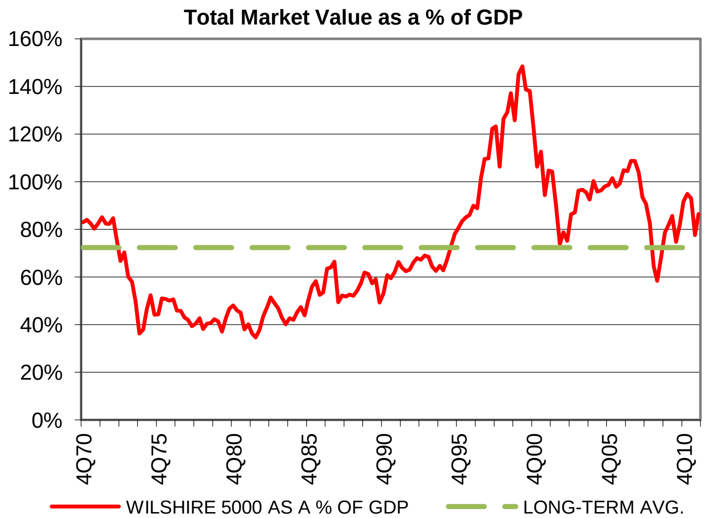
The following table summarizes the historical performance of the S&P 500, the Dow and the Sire Line Value Composite:

	TOTAL RETURN (1)		
Annual	S&P 500 (2)	Dow (3)	**SLVC (4)**
2010	13.2%	12.4%	**10.3%**
2011	2.1%	8.4%	**10.3%**
Cumulative:			
2010	13.2%	12.4%	**10.3%**
2010-2011	15.6%	21.8%	**21.7%**
Annual Compounded Rate:	7.5%	10.4%	**10.3%**

(Footnotes to table above)
(1) All performance figures begin as of the close on January 4, 2010.
(2) Based on changes in the value of the S&P 500 plus dividends (reinvested) that would have been received through ownership of the Index during the period.
(3) Based on changes in the value of the Dow Jones Industrial Average plus dividends (reinvested) that would have been received through ownership of the Index during the period.
(4) Based on changes in the value of the Sire Line Value Composite including dividends and after all fees and expenses.

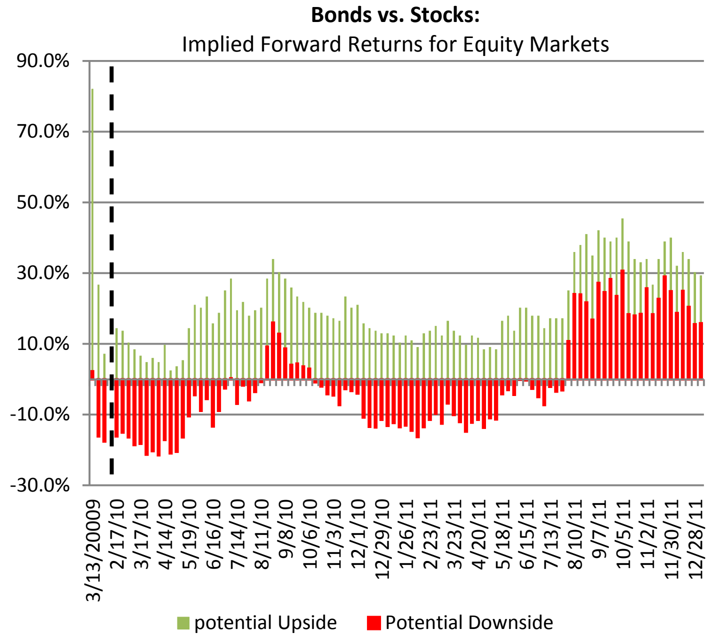
U.S. Equity Markets: Cheap or Expensive?

While we are stock pickers first and foremost, we recognize that it is also important to keep an eye on the overall value of equity markets. One relationship that we track closely is the value of all publically traded securities in the U.S. (as measured by the Wilshire 5000 Index) vs. U.S. GDP (Gross Domestic Product). Think of this relationship as the price-to-sales ratio for the overall equity market. Over the last year this measurement has declined from 92% at the end of 2010 to 86% at the end of 2011. The long-term average is below 80%, suggesting that the current equity market is slightly overvalued. You can see this better in the following chart:



Another measurement that we believe is a good indicator of whether U.S. equity markets are cheap or expensive is the relationship between the yield on U.S. investment grade corporate bonds and the earnings yield for the equity market. (Arnold Van Den Berg is one of our favorite investors and this is one of his favorite valuation measurements). The reason that this relationship is important is because bonds and stocks are always in competition for investor dollars. Investors will always gravitate toward the asset that offers a higher risk-adjusted return.

Based on the historical relationship between these two yields, the current relationship implies that the risks in the equity market continue to favor the upside (potential upside of 29%). You can see this better in the next chart. (Simplistically, positive green/red means stocks are relatively more attractive than bonds, while negative red/green means stocks are less attractive than bonds.)



Equity markets in general appear to be undervalued when measured against bonds and slightly overvalued when measured against GDP. That said, our investment portfolios are full of high-quality, undervalued businesses, which we are more than comfortable owning at this time.

Administrative Items

Our custodian, FOLIOfn, is hard at work preparing our end-of-year tax documents. As soon as they have been completed, final 1099s will be available on the FOLIOfn website and ready for downloading. I expect this process to be completed by the end of February. Please feel free to call or email me with any questions.

As always, thank you for your continued loyalty and support.

With appreciation,

Daren Taylor, CFA

Disclaimer: All information in this report is provided for informational purposes only and should not be deemed as an offer to sell or the solicitation of an offer to buy. References to specific securities and issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities. Past performance is no guarantee of future results. The opinions expressed herein are those of Sire Line Capital and are subject to change without notice. Entities including, but not limited to, Sire Line Capital, directors and employees may have a position in the securities mentioned above and/or related securities. This presentation is not intended for public use or distribution. Reproduction without written permission is prohibited.