Quarterly Report

October 31, 2013

Roumell Asset Management, LLC

Third Quarter Summary

Performance Summary

			Annualized as of 9/30/13					Cumulative Return Since Inception*
	3Q 2013	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	
Roumell Total Return (Net)	**-0.22%**	**12.62%**	**18.63%**	**7.28%**	**9.26%**	**8.17%**	**10.39%**	**329.98%**
S&P 500	5.25%	19.81%	19.35%	16.27%	10.02%	7.57%	4.05%	79.68%
Russell 2000	10.21%	27.68%	30.04%	18.28%	11.15%	9.64%	7.95%	209.22%
Russell 2000 Value	7.59%	23.07%	27.03%	16.57%	9.13%	9.29%	9.33%	272.74%
Roumell Balanced (Net)	**0.00%**	**10.02%**	**14.29%**	**6.61%**	**8.24%**	**6.79%**	**7.82%**	**203.59%**
Thomson US Bal Index	4.15%	9.83%	10.97%	9.41%	7.80%	5.74%	4.11%	81.06%

**Inception of Roumell Total Return and Roumell Balanced is 1/1/99. Prior to 1/1/13, Roumell Total Return was known as Roumell Equity.*

Roumell Asset Management, LLC claims 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 June 30, 2013. All returns include reinvested dividends and interest. Please refer to the annual disclosure presentations at the end of this letter.

Over the past few quarters, we have reduced or eliminated our exposure to a number of securities as our investment theses have played out and prices have moved closer to our estimates of intrinsic value. We have used a portion of that capital to plant new seeds. In addition to the securities highlighted in this letter, we initiated three new positions in the third quarter. However, we have been net sellers during this period of rising markets. We have not been able to find, at this time, sufficient ideas to significantly reduce our cash levels. As we have stated on many occasions in the past, in the absence of a compelling investment idea that meets our risk/reward threshold, we do nothing. Our allocation in the quarter averaged roughly 44% equity, 17% bonds, and 39% cash. We were recently made aware that Seth Klarman's Baupost Group, Weitz Investments, and Yacktman Asset Management are all currently managing their funds with unusually high cash balances. In fact, we have read that Klarman's cash level is at its highest ever.

As is often the case in value investing, the planting phase can be bumpy. We seek to identify attractive entry points with the full realization that we may have the opportunity to buy at lower prices and reduce our cost basis. We ultimately look to build positions within a band of attractive prices over a period of time. Thus, we pursue the more reasonable goal of finding the valley in a company's price, and do not invest with the false expectation that we can pick the bottom. Value stocks are generally cheap because the companies are not earning to their potential. It takes some time for these companies to dust themselves off so that the market, or a private buyer, can appreciate the underlying value. It is this phenomenon that primarily restrained our third quarter performance. We believe our more recent investments will drive performance over the coming quarters and years.

Resource Conversion

In the past year, six of our top ten equity holdings have realized value by either an outright company sale or by selling divisions. These events have been responsible for performance essentially matching the S&P 500 in the past 52 weeks, with roughly half of our assets allocated to stocks. We think resource conversion is an outgrowth of a sound investment philosophy because it results from identifying assets with real economic value to sophisticated buyers, as opposed to relying on the charity of quantitative easing. Interestingly, about 85% of the stock market's return this year is simply due to multiple expansion, not earnings growth. Our resource conversion events all involved strategic buyers, i.e., buyers who wanted the assets to help build their own businesses, versus financial buyers simply taking advantage of ultra-low borrowing rates. We view resource conversion as a major, too-often-ignored path to value realization. For us, it's a central theme.

Our investment North Star has always been anchored in asking the simple question "Would we take this company private, at this price, in a heartbeat?" Rather than musing about the myriad "market stuff" we can hardly know much about, we focus simply on valuing assets as sophisticated buyers. Market stuff includes trying to predict one or more of the following: the direction of the overall stock market, interest rates, consumer confidence, Federal Reserve actions (and estimated market reactions), or investor psychology. The challenge of investing by some type of macro forecast was well illustrated in 2011 when, in the period after U.S. Treasury bonds were downgraded by S&P, Treasuries rose in value. What investor would have bought Treasuries had they known a downgrade was forthcoming?

Companies are constantly deploying and redeploying capital. There exists a more tangible investing environment (in contrast to that of the stock market) that begins when an equally sophisticated buyer and seller sit across from each other to negotiate a transaction. This world is composed of comparatively more rational actors, and is thus a more reliable road map in valuing assets. In short, strategic buyers don't increase their bids when the Federal Reserve announces its intention to continue its open-market Treasury purchases, but the general public and many professional investors do, even though it seems to make little investing sense. While a rising stock market creates a better environment for resource conversion, strategic buyers are interested in economic value, not market value.

It's important to note that while private buyers are more rational investors than buyers of public securities, they're not necessarily rational in terms of maximizing shareholder value. To wit, many small companies run by management teams without appropriate "skin in the game" may be all too willing to deploy shareholder capital in imprudent ways to achieve their personal employment objectives, as was the case, in our opinion, with previous holding Transact Technologies and is the case with current holding Transcept Pharmaceuticals. Large company professional managers may be highly incentivized to grow revenue and earnings to qualify for bonuses without the caution that typically comes from being a meaningful owner, as was exemplified by Lehman Brothers, Bank of America, and Citigroup. Investors are well served by a broad understanding of the motivations and incentives animating the actors in the capital allocation game.

Importantly, a resource conversion mind-set is primarily focused on a company's net asset value (NAV), not its current earnings power. We believe NAV is ultimately a more sturdy measure of value than is putting a multiple on a current earnings stream. NAV can comprise assets that do not necessarily generate much in the way of reported earnings but are valuable nonetheless because of inherent characteristics. Examples include nonproducing oil/gas reserves, valuable raw land, business units that are unprofitable but in the process of being consolidated, as well as numerous technologies that greatly assist larger companies to reach their product end goals. Everyone prefers earnings, the more the better, but simply applying a multiple to a current earnings stream hardly provides investment differentiation.

Just how real is the world of resource conversion? In the five years ended June 2012, the 30 companies in the Dow Jones Industrial Average participated in 571 merger and acquisition transactions.[1] We seek to identify assets that have strategic value, and demand a discount to the intrinsic value of those assets. That approach gives us a margin of safety via the discounted price we pay, and it also gives us two ways to realize value: ultimate cash flow generation from the assets or monetization of the assets. In summary, we invest in businesses and assets that we would willingly own as private buyers ourselves.

Top Three Purchases

Tower Group International, Ltd. Common Stock, TWGP & Tower Group International, Ltd. 5.0% Bonds due 2014. Tower Group is an underwriter of property and casualty insurance founded in 1990 by Chairman and CEO Michael Lee. It is clear that our purchase of Tower equity was a mistake, and we will likely lose money on our investment. We believe, however, that we will make money on our investment in the Tower bonds. So let's walk through our information pattern that led to our decision to invest in Tower Group.

Tower achieved healthy loss ratios and impressive book value growth for many years. The stock in recent years traded between $15 and $25 per share, or 1x–1.5x tangible book value per share. We were familiar with the business, and we knew Michael Lee through our prior investment in TWGP. We also have good relationships with others who know Lee well. The consensus opinion of Lee, including our own view, is that he is a very smart and ethical insurance executive. At the time of our current Tower investment, Lee owned 7.5% of the company.

Tower Group hired the well-respected actuarial firm Towers Watson to conduct a third-party review of its insurance reserves. In late February and early March of 2013, Towers Watson issued opinions on Tower Group's various insurance subsidiaries. All opinions concluded that unpaid loss and loss expense obligations were reasonably provided for, and that the reserve amounts met the regulatory requirements of Tower's respective domains. Additionally, Tower Group closed on its acquisition of Canopius Holdings, a Bermuda-based insurance company, in March 2013. As is normal course for an acquisition, Tower conducted due diligence on the insurance operations and loss reserves of Canopius prior to closing the deal. Also relevant is that Tower underwrites primarily short-tail lines of insurance, such as personal and commercial auto, homeowners', and general small business insurance. Longer-tail lines of business, such as workers' compensation, for which loss experience is harder to predict, are a less significant piece of Tower's overall insurance exposure.

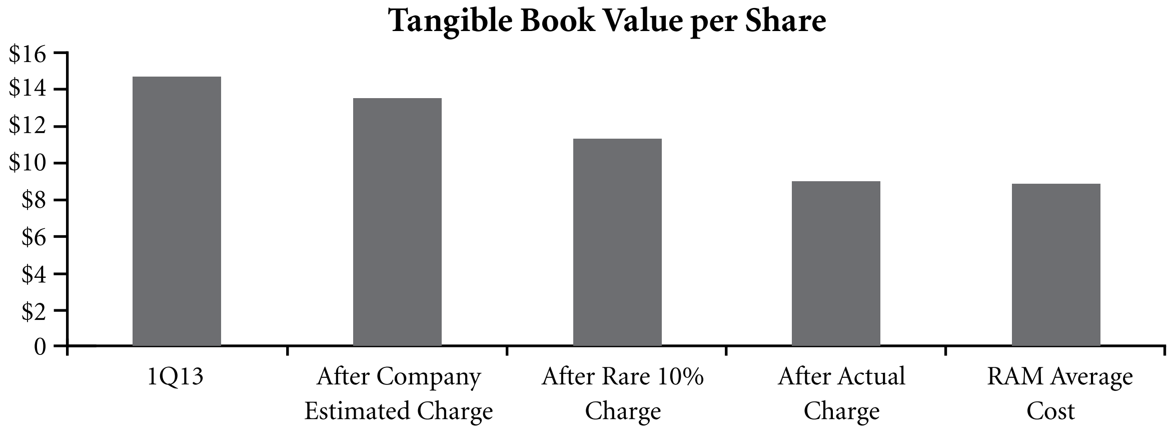
In early August of this year, five months after the third-party actuarial review and due diligence on Canopius were completed, Tower Group announced that it was retaining an actuarial firm to again review the company's loss reserves. Tower estimated that adverse reserve development could range from $60 million to $110 million pre-tax. The high end of the range would equate to a not uncommon reserve charge of nearly 5%. However, actuarial firms cannot issue "adequate" opinions on reserves if they think reserves are either understated or overstated by more than 10%. Not surprisingly, therefore, charges to reserves of greater than 10% are very rare in the insurance industry. Insolvency would require a reserve charge in the neighborhood of 30%. We put Tower on high watch as a possible investment candidate as its stock dropped 25% on this announcement.

Given this background, we determined that a reserve charge of greater than 10% was highly unlikely. Yet, in the event that Tower took a 10% charge to reserves ($240 million pre-tax), tangible book value would fall to $11.35. In that scenario, Tower would likely be downgraded by A.M. Best and would not be

[1] Martin J. Whitman and Fernando Diz, *Modern Security Analysis: Understanding Wall Street Fundamentals* (Hoboken, NJ: Wiley Finance, 2013).

able to write much new business. That would likely lead to a sale of the company to a runoff operator—that is, a scenario in which the company no longer writes new business but manages its existing book of business. Such transactions typically occur at 70–80% of tangible book value after reserve charges. After the company announced a further delay in its reserve release on September 17th, its stock dropped another 40% to a value that offered what we believed was a healthy margin of safety. The stock had fallen to a level that adequately discounted a 10% reserve scenario, so we took a position in the equity at an average price of $8.82.

On October 7th, Tower announced a $365 million pre-tax charge, or 15% of reserves. Pro forma for the reserve charge, tangible book value per share is now roughly $9. Below is a graph that shows our average cost is less than tangible book value per share, after the $365 million charge, the size of which was extremely rare for the insurance industry. This was an outlier event, and the probability of its occurrence was very low.



In the case of Tower, just seven months ago a third-party statement of opinion was rendered by a reputable firm without condition and by an actuary, i.e., a clean bill of health. In a 2010 report,[2] the American Academy of Actuaries determined that insurance insolvencies overwhelmingly involve instances lacking a "without condition" report conducted by an actuary. The report also studied insolvencies between 2005 and 2009, and determined that "the majority of the companies was small, relatively new, and/or was concentrated in one line of business and/or state." Tower is neither small nor new, and has no such concentration by business line or geography.

If Tower did fail, it would likely be one of the ten largest insurance company insolvencies of all time. Indeed, most of the largest insurance company insolvencies occurred between 2000 and 2003, a period of particular vulnerability for the insurance industry owing to a confluence of factors. These included the bottom of a multiyear soft market for pricing, the effects of which were compounded by higher industry leverage, and the writing of 30–40% more premium as a percentage of surplus as compared to today. Additionally, due to cost inflation for workers' compensation and asbestos claims, the industry had unknowingly mispriced those business lines for years. Then there were the September 11th attacks, which helped make 2001 the worst year in the history of the industry. In aggregate, our research on insurance insolvencies has convinced us that the probability of insolvency for Tower is extremely low.

We believe further reserve charges will not be significant, given the process undertaken to determine the current reserve charge. Tower will likely either sell to a runoff operator or try to bring itself back to life by writing business through fronting arrangements (essentially paying to use another insurance

[2] *Property/Casualty Insurance Company Insolvencies* (September 2010).

company's balance sheet). However, complicating this process, the company will be preoccupied with shareholder lawsuits. Nonetheless, a good comparison is Enstar Group's purchase of SeaBright Holdings for about 70% of tangible book value in February of this year. SeaBright was a mono-line writer of workers' compensation, for which, as noted earlier, loss experience is difficult to predict. SeaBright also had heavy exposure to California. Tower's insurance portfolio is much more diversified, both by product line and geography. Moreover, Tower operates in some businesses that are not rating-dependent, and it has a much larger pool of investments than did SeaBright. All this suggests that the true value of Tower is well in excess of the current stock price. Even after destroying one third of the company's capital with a black swan-type reserve charge, Tower's surplus capital is still well in excess of the regulatory minimum levels. At this time, we are holding our position in the stock and will continue to update our analysis.

We also bought the Tower bonds, which at our cost yielded almost 9% for just one year. We feel the bonds, a $150 million issue, are well protected given that the holding company is allowed to dividend up 10% of capital annually from the insurance subsidiaries without regulatory approval. Moreover, one third of Tower's capital is domiciled in Bermuda where it is much easier to dividend capital up to the holding company as compared to the United States. As a result, the company seems aptly positioned to self-finance the principal payment, due September 2014, if necessary.

Lai Sun Development Company Ltd., 488 HK. Lai Sun Development (LSD) is a straightforward, sum-of-the-parts investment story. The company owns high-quality assets, is conservatively financed, and is levered to a part of the globe (Asia) that is likely to grow in importance for many years. LSD's development pipeline is well along, and will increase gross square feet by nearly 20% and begin contributing net operating income in 2014. We purchased the stock for 25% of tangible book, although we apply a much more conservative value to its parts, resulting in a nearly 40% discount to net asset value. It's worth noting that while the stock price is a mere $0.03 per share, the market cap is nearly $600 million.

Our valuation estimate of the parts:

- Mature (95%+ occupancy) Hong Kong commercial/retail and office properties: Quality Hong Kong commercial real estate trades for an average of about $675 per square foot. Using a 10% discount to the average, we value LSD's portfolio at $1,080 million.
- Hotel and restaurant operations: These are anchored by a 26% interest in the 325-room Caravelle Hotel, located in the center of Ho Chi Min City, the largest city and cultural epicenter of Vietnam—$50 million.
- Ownership of nearly 1,200 Hong Kong car parking spaces—$75 million.
- Ownership of 40% of eSun at market (20% of tangible book value)—$70 million.
- Sum total: $1,275 million
- Net debt: $325 million
- Equity value: $950 million vs. current market capitalization $590 million

The preceding analysis ascribes no value to the development company itself or the embedded value in its eSun investment. Moreover, these calculations do not capture the full value of the company's pipeline. For instance, this month, LSD, in partnership with Marriott International, was awarded the right to develop the first hotel to be built in front of Ocean Park (a Disney theme park that had 7.5 million visitors last year) in Wong Chuk Hang. The long-awaited 495 room hotel, to be named the Hong Kong Ocean Park Marriott Hotel, will be managed by Marriott International and owned by Lai Sun Development.

Hong Kong is land-constrained, similar to Manhattan. Hong Kong office space is the most expensive in the world. Office space in its central business district costs an average of $235 per square foot as of March 31, according to CBRE Group, Inc. Hong Kong's central rental rates are greater than those of London's West End at $222 and roughly double midtown Manhattan's rate of $120 per square foot.

The ownership structure of Lai Sun Development is worth highlighting, as are the objectives of the controlling entities. Fifty percent of LSD is owned by Lai Sun Garment, LSG, which in turn is 44% owned by the Lam family and 15% owned by Third Avenue Management. Lai Sun Garment appears to want a dividend and has been laying the groundwork to restore one for both LSD and LSG. The company states, "Companies Ordinance in HK is expected to change in 2014 which will simplify the process of capital reduction. The key being the court process is expected to be replaced by a unilateral declaration of solvency by the board of directors. The boards of LSG and LSD intend to make such declaration of solvency once the change in Companies Ordinance has taken place and the details are clear. This will enable us to resume paying a dividend going forward subject to the profits achieved."

We believe the stock is undervalued because the company expanded with the use of too much leverage. In the early part of the last decade, net debt/capital was over 80%. However, the balance sheet has been much improved; net debt/capital is currently under 10%. Moreover, the founding family made the wise decision to bring in new, highly regarded professional management. Jim recently met with three members of this team, including LSG's CEO, CT Yip, and Vice Chairman, Chew Fook Aun, in New York. Mr. Yip has extensive experience in corporate advisory, business development, and investment banking. Prior to joining the Lai Sun Group, he was a Managing Director of Goldman Sachs and Head of Mergers and Acquisitions (M&A) for China. He also worked for PCCW Limited, a Hong Kong listed company, as Vice President of Ventures and M&A, responsible for strategic investments and M&A transactions. Mr. Chew has expansive experience as CFO of numerous Hong Kong real estate companies, and he has been instrumental in re-engineering LSD's balance sheet. Dr. Peter Lam Kin-Ngok is LSG's Chairman and a member of the Lam family (44% shareholders, as noted above).

Lastly, in order to reign in asset price inflation, Hong Kong has recently put in place restrictive policies on property sales, which have had a material impact on sales activity. While we believe Hong Kong will continue to be managed in a manner to attract business as it has been for decades, our discount provides a healthy margin of safety to the risk of falling property values, in our opinion. Moreover, the more concerning property inflation has occurred in mainland China, where LSD has very limited exposure through a subsidiary. In summary, the assets are strong, well-positioned in Asia with a Hong Kong focus, conservatively financed, and managed (and owned) with an owner-operator mentality.

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
2012	286	82	156	10.50%	11.71%	3.02%	6.50%	9.79%
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 June 30, 2013. 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 June 30, 2013. 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. The 3-year annualized ex-post standard deviation of the composite and/or benchmark is not presented for the period prior to December 31, 2012 because 36 monthly returns are not available. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

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
Total Return 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
2012	286	157	367	13.92%	16.00%	16.35%	18.05%	1.86%	8.63%	15.09%	20.20%	19.89%
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%				

Total Return Composite contains fully discretionary equity accounts. Roumell Asset Management, LLC (Roumell) is an opportunistic capital allocator with a deep value bias. Total Return 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 Total Return 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 Total Return 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 Total Return Composite was created January 1, 1999. Prior to January 1, 2013, this composite was known as the Equity Composite.

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 June 30, 2013. 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 Total Return Composite has been examined by Ashland Partners & Company LLP for the periods January 1, 1999 through June 30, 2013. 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. 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, 2011, and 2012, wrap fee accounts made up 33%, 36%, 31%, 33%, 41%, 40%, and 44% 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.

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. The 3-year annualized ex-post standard deviation of the composite and/or benchmark is not presented for the period prior to December 31, 2012 because 36 monthly returns are not available. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

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.