

# Knightsbridge Asset Management, LLC – Opportunistic Value Balanced

## Background:

The firm was founded as an employee-owned, independent firm on July 1, 1998 by Al Beimfohr and John Prichard, CFA, who have co-managed the Opportunistic Value Balanced product since the firm's inception. Al and John are supported by John Kittrell, PhD and Chad Neault in their research efforts. Knightsbridge personnel commit personal and retirement capital to the same stocks as clients.

## Equity Investment Philosophy & Process:

Knightsbridge strives to perform in all market and economic environments. The firm, in its emphasis on 'absolute returns', invests opportunistically without regard to index characteristics and, where permitted, at times uses cash as a defensive tool. Stock purchases, as the result of the presence of an investment anomaly and being out of favor, neglected, and/or controversial, are priced at a significant discount to historical company and peer group valuation levels. Portfolio holdings typically fall in the \$1-\$25 billion capitalization range although there are no rigid rules regarding market capitalization.

## Fixed Income Investment Philosophy & Process:

We believe that our clients' fixed income objectives are best met through purposeful active management with an emphasis on disciplined risk control and protection of capital.

We seek to opportunistically add value by investing based upon the relative attractiveness of all fixed income sectors and issuers, across the full spectrum of maturities. Interest rate fluctuation, bond market inefficiencies and special situations provide opportunities to add value. Credit analysis and security selection extend from our ongoing research and financial statement analysis. Where appropriate, investment returns are improved by taking advantage of discounts available with odd-lot market purchases.

Fixed income portfolios are tailored to each client's objectives and include either tax-free or taxable bonds, depending upon the client's tax position.

*Please See Reverse For Important Disclosure*

## Composite Investment Performance as of 12/31/09

*(Gross of Fees, in %)*

	One Year	Three Year	Five Year	Ten Year
<b>Knightsbridge</b>	<b>34.9</b>	<b>4.0</b>	<b>7.1</b>	<b>9.0</b>
<b>50% S&amp;P 500 / 50% Citi Govt- Corp. Balanced Index</b>	<i>16.0</i>	<i>0.5</i>	<i>2.9</i>	<i>2.8</i>

## Knightsbridge Information

Track Record Inception: January 1, 1992  
Total Assets: \$1.1 Billion  
Number of Employees: 12

## **Knightsbridge Asset Management, LLC**

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**KNIGHTSBRIDGE ASSET MANAGEMENT, LLC  
OPPORTUNISTIC VALUE BALANCED COMPOSITE  
ANNUAL DISCLOSURE PRESENTATION**

Year End	Firm Assets (MM\$)	Composite Assets (MM\$)	Number of Accounts	% Non- Fee Paying	50/50* Index	Composite Performance		Composite Dispersion
						Gross	Net	
2008	573.9	22.7	44	5	-17.89	-18.45	-19.22	4.65
2007	727.8	22.2	39	5	6.62	2.19	1.15	2.31
2006	442.1	21.8	37	4	9.88	13.36	12.25	3.18
2005	288.7	12.8	28	6	3.34	10.42	9.41	13.66
2004	198.2	6.4	12	10	7.02	19.14	17.94	6.00
2003	126.6	3.5	13	17	16.24	30.59	29.07	4.44
2002	85.1	3.7	13	0	-6.91	-4.09	-5.25	4.00
2001	100.1	4.3	12	0	-1.42	1.93	0.72	3.41
2000	92.9	3.9	7	0	0.39	11.06	9.77	N/A
1999	76.8	1.4	3	0	10.50	16.07	14.73	N/A
1998	59.9	0.5	2	0	18.85	27.03	25.60	N/A
1997		0.1	1	0	20.30	19.39	18.88	N/A
1996		0.1	1	0	13.28	21.97	20.58	N/A

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

\*50% S&P 500 Total Return/ 50% Citigroup Govt/Corp 1-10 Yr

**Opportunistic Value Balanced Composite** contains fully discretionary balanced accounts with varying fixed income allocations and for comparison purposes is measured against a 50% S&P 500 Total Return/50% Citigroup Govt/Corp Index rebalanced monthly. The S&P 500 Total Return Index is a free-float market-capitalization weighted index of 500 of the largest companies in leading industries of the U.S. economy. The Citigroup Government/Corporate Index is comprised of investment grade domestic debt maturing between 1 to 10 years. The indices are calculated on a total return basis. Indices are not available for direct investment. The Opportunistic Value Balanced Composite differs from the blended index in that the equity component of the composite represents an average lower market capitalization, narrower diversification in terms of number of securities, and more focused sector representation. The fixed income component for individual portfolios underlying the composite has specific allocations tailored specifically for that account, and varies between 15% and 70%, whereas the blended index is 50%, and may be tax sensitive.

Knightsbridge Asset Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Knightsbridge Asset Management, LLC is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

Knightsbridge Asset Management, LLC's Opportunistic Value strategy is an all market capitalization value strategy, generally invested in 15-25 equity holdings, with manager discretion to hold significant cash in lieu of equities from time to time. Portfolio concentration has become more diversified over the years while maintaining the same investment strategy. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented net of foreign withholding taxes on dividends and interest income. Withholding taxes may vary according to the investor's domicile. Composite returns represent investors domiciled primarily in the United States. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Non fee/commission paying accounts are represented in the composite and their respective weights shown in the table above. Gross performance results are net of transaction costs for those accounts. Per client direction only, margin balance has/may be utilized, but is not part of the investment strategy. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule for the composite is 1.2% up to \$0.5 million, 1.1% from \$0.5 to \$1 million, and 1.0% above \$1 million. Actual investment advisory fees incurred by clients may vary.

The Opportunistic Value Balanced Composite was created January 2008. Knightsbridge Asset Management LLC's compliance with the GIPS standards has been verified for the period July 1998 through June 2009 by Ashland Partners & Company LLP. Performance presented prior to July 1998 occurred while the portfolio management team operated as a division of Canterbury Capital Services, Inc and were the only individuals responsible for selecting the securities bought and sold. While at Canterbury Capital Services, Inc, this composite was not maintained. Composite performance prior to July 1998 is calculated from all portfolios representative of the investment strategy. A copy of the verification report is available upon request.