VALUEALIGNED PARTNERS, LLC

Form ADV Part 2A – Disclosure Brochure

June 29, 2018

This Brochure provides information about the qualifications and business practices of **VALUEALIGNED PARTNERS, LLC**. If you have any questions about the contents of this Brochure, please contact us at (800) 800-2375. 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.

VALUEALIGNED PARTNERS, LLC is a registered investment adviser in the State of New Jersey. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about VALUEALIGNED PARTNERS, LLC is also available on the SEC's website at:

www.adviserinfo.sec.gov.

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Item 2 – Material Changes

Beginning July 1, 2018 for assets managed in June 2018, we discontinued the ValueAligned® Wrap Program and we separated our advisory fee from Folio's custody, reporting and trading fee. Folio Institutional bills our clients two separate fees instead of one wrapped fee.

We also increased our advisory fee from 0.75% of account assets per year to 1.0% per year billed separately from Folio's 0.25% per year custody, reporting and trading fee.

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Item 4 – Advisory Business

ValueAligned Partners, LLC ("ValueAligned") is a Delaware Limited Liability Company that was founded in 2002 as an independently owned investment advisor. ValueAligned is also the general partner of one partnership for which it serves as investment advisor.

We are a value-oriented investment management firm established to invest and trade principally in publicly-traded corporate equity securities ("Stocks"). David L. Berkowitz is our Founder & Managing Member. Mr. Berkowitz, and his family partnership named Berk Capital, L.P., for which he serves as General Partner, are its principal owners. RapCap Holdings, LC, a Virginia Limited Company, is also a major owner and Managing Member, whose designated representative, Gregory Suskind, serves on the Management Committee.

ValueAligned provides discretionary portfolio management services to **ValueAligned Fund, L.P.**, a Delaware limited partnership (the "**Fund**"), and individual investors, IRAs, trusts in separately managed accounts in a wrap fee program at **Folio Institutional** a division of online brokerage **FOLIOfn Investments, Inc** *(the "***ValueAligned® Folio Accounts***")*.

We offer one main investment strategy across all products. Our **ValueAligned®** investing strategy invests in stocks of companies that are creating shareholder value and that are under-valued based on our proprietary Economic Value Added ("EVA®") valuation model. [1] The EVA® valuation model strips out material distortions in accounting data and provides a robust link between corporate performance and shareholder value. We seek to invest in the stocks of companies whose leaders understand and use EVA® principles to align their interests with shareholders.

The EVA® framework involves economic performance measurement, performance-based capital allocation policies, and owner-like compensation. EVA® often catalyzes value-creating actions like spin-offs, acquisitions, share buybacks, asset sales, restructuring recapitalization, and outsourcing non-core activities that often increase intrinsic value and ultimately enhance stock price performance.

The **ValueAligned®** investing strategy is more fully discussed in Item 8 of this brochure. Our clients choose one of our products that use the **ValueAligned®** investing strategy to meet their needs. Upon request, we will often work with clients to accommodate client-specific restrictions on any of our investment products.

[1] ValueAligned® is a registered trademark of ValueAligned, LLC. EVA® is a registered trademark of Stern Stewart & Co. ValueAligned, LLC is not affiliated in any way with Stern Stewart & Co., and nothing herein should be construed as an endorsement by Stern Stewart & Co., any of its employees or affiliates.

Hedge Fund(s)

The primary investment objective of the Hedge Fund(s) is to achieve after-tax capital appreciation by buying stocks with trading values materially lower than our estimate of their intrinsic values, and by selling short securities with trading values materially higher than their intrinsic values.

The Hedge Funds aim to achieve high absolute rates of return while minimizing the risk of permanent capital loss. There can be no assurance that this investment objective will be achieved and investment results may vary substantially.

The Hedge Fund(s) mostly invest in publicly traded stocks of great companies in North America, but they do from time to time buy and sell stocks of foreign issuers, private companies, and debt securities.

ValueAligned® Folio Account

The ValueAligned® Folio Account provides access to a separately managed account. With a separately managed account, the client owns the securities in a portfolio, and the accounts are managed on a discretionary basis by a manager – ValueAligned acts as the investment manager. This account allows for flexibility and more control as well as tax advantages over other investment vehicles. For example, existing securities can be considered to avoid overlap. Direct ownership of the securities in the portfolio, allows clients to actively manage for taxes (i.e. since each security transaction has a separate cost basis, capital gains and losses can be recognized as necessary to mitigate the impact of taxes).

Assets Under Management (AUM)

As of June 28, 2018, the regulatory assets under management by ValueAligned approximate $36,047,650

For a further discussion of these and related items, see **Item 7** (Types of Clients), **Item 8** (Methods of Analysis, Investment Strategies, and Risk of Loss) and **Item 10** (Other Financial Industry Activities and Affiliations).

Item 5 – Fees and Compensation

Hedge Fund Management Fee & Performance Allocation

We receive a monthly investment management fee (the "***Management Fee***") from the Hedge Fund at an annual rate equal to 2.0% of the value of each investor's investment, valued and payable at the beginning of each month (0.167% per month). The Management Fee for capital contributions made, or shares purchased, during a calendar month will be charged pro rata for the beginning of the month of purchase.

In consideration for the Management Fee, ValueAligned provides investment, research, and trading services. ValueAligned also provides office space, utilities, computer equipment, and secretarial and other clerical personnel and services. The Management Fee may exceed or be less, than the expenses borne by us on behalf of the Fund. (The Hedge Fund pays Tower Fund Services for fund administration, accounting, and financial statement preparation. Also, the hedge fund pays a pro rata portion of analytical system fees (like Bloomberg) and other research services.

Also, ValueAligned is entitled to receive from the Hedge Funds an annual performance-based profit allocation (the "***Performance Allocation***") generally at the end of each year in an amount equal to 10% of the increase in the value of each investor's investment over a 5% net return (the "***Hurdle Rate***"). The Performance Allocation generally will be allocated at the end of each year or immediately before a withdrawal occurring before the end of any year.

If a loss occurs that results in the value of an investor's account being less than the highest value of the account through the close of any year since coming into a Hedge Fund (or in the year of the investor's admission, less than the initial amount of capital contributed to the relevant Hedge Fund – the "***High-Water Mark***"), then there will not be a Performance Allocation until the value of the account is equal to the High Water Mark. A loss in any one year will be recovered in full before performance fees are assessed in subsequent years. After that, the Performance Allocation reverts to 10% over the hurdle rate. Withdrawals or redemptions by an investor will result in a proportional reduction of the High-Water Mark.

The Management Fee and the Performance Allocation may be waived, reduced or rebated for any investor, including, without limitation, for investments we or our affiliates make, and for investments made by our employees and their family members.

ValueAligned® Folio Account

ValueAligned's advisory fee is 1.0% of assets under management. Fees for ValueAligned® Folio Accounts are based on the client's assets under management. VAP's management fees are deducted from client accounts by Folio Institutional, the custodian, monthly in arrears. ValueAligned® Folio Account Clients do not pay fees in advance. One-twelfth of the annual fee is deducted each month.

<u>In addition to our advisory fee,</u> Folio Institutional charges a fee of 0.25% of account assets per year (or a minimum of $25 per month) for custody, reporting and trading (assessed monthly). This fee includes unlimited trading during two "window" trading sessions each day at 11:00 AM and 2:00 PM. If ValueAligned deems it necessary or advantageous to trade at other times outside of one of these two "window" trading sessions, Folio Institutional charges an additional $3.95 per trade. There is a list of other fees not included in the fee (for wire transfers, paper statements, etc.) at Folio's website: www.folioinstitutional.com.

Item 6 – Performance-Based Fees and Side-By-Side Management

The Hedge Funds provide a Performance-based allocation (fee) to ValueAligned. We also provide investment advisory services to additional clients in the ValueAligned® Folio Accounts at Folio Institutional (See "Wrap Brochure"). These clients are charged only a 1% management fee per year. No performance fees are charged by VAP to its separately managed accounts.

The receipt of performance-based fees for the Fund creates a conflict of interest. Performance-based fees paid to ValueAligned may be *significantly higher* than the asset-based fees paid by the clients with separately managed accounts, thus creating an incentive to favor the Fund.

We are required to act in a manner that we consider fair, reasonable and equitable in allocating investment opportunities to the Fund, but we are not otherwise subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the Fund.

For a further discussion of these and related items, see Item 5 (Fees and Compensation).

To reduce potential conflicts of interest, ValueAligned does not show preferential treatment to the Fund. All ValueAligned® Folio Accounts are managed within their respective strategies, given account restrictions and constraints. We perform periodic reviews of the performance fee accounts to assure consistency with the separate fee accounts.

Also, we can only enter trades twice a day in the ValueAligned® Folio Accounts. We rotate trades when the Hedge Funds trade in the same stocks around the time of the trade windows. In that way, the performance fee accounts do not take preference over ValueAligned® Folio Accounts in the execution of trades. Additionally, all trades for the ValueAligned® Folio Accounts occur at Folio Institutional, while <u>none</u> of the Hedge Fund trades occur at Folio Institutional. Finally, the ValueAligned® Folio Accounts are long-only, non-margin accounts, while the hedge funds can short stocks and borrow money in margin accounts.

Item 7 – Types of Clients

ValueAligned provides portfolio management services to individuals, high net worth individuals, trusts, and partnerships. Most of these arrangements are discretionary where ValueAligned selects the investments and trades on the client's behalf without prior consultation with the client. ValueAligned has one relationship with a family office where it provides consulting services on stocks in various portfolios.

The minimum account size for the hedge fund is $250,000. The minimum account size for the ValueAligned® Folio Accounts is $25,000. Accounts below these minimums may be negotiable and accepted on an individual basis at ValueAligned's discretion.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

ValueAligned is a value-oriented investment management firm established to invest and trade principally in publicly-traded stocks. On behalf of the Hedge Funds, ValueAligned seeks to maximize investors' capital by buying securities with trading values materially lower than their intrinsic values and by selling short securities with trading values materially higher than their intrinsic values. We aim to achieve high absolute rates of return while minimizing the risk of capital loss in the Hedge Funds, and long-term, maximum after-tax lifetime returns in the ValueAligned® Folio Accounts.

ValueAligned combines the analytical discipline of determining fair value with a practical understanding of markets. We tend to seek investments in mispriced securities where we think we know the reason for the market's mispricing.

All investments involve risk of loss including loss of principal. There can be no assurance that our investment objectives will be achieved, and investment results may vary substantially.

ValueAligned® Investing Philosophy

Corporate managers create value by finding and implementing investments that earn returns greater than the firm's cost of investment capital. When managers do this, resources are most effectively allocated, and there is a benefit to society. Competition among firms for financial capital to fund their growth investments brings the economy's savings to the most attractive investments – benefitting the entire society. This is Adam Smith's invisible hand at work.

We believe managers need a way to measure what is *better* or *worse* when they embark on change efforts at public companies. We think *better* should be measured by the increase in the long-term intrinsic value of the firm because that single focused "objective" results in the least social waste and will get the most out of society's limited resources.

Unfortunately, most corporate managers are paid for caring about other things than creating value. When they don't own the companies they manage, or they own a tiny percentage of the shares, it is not surprising that creating value is not their top priority. After all, the value they may create belongs to others – the shareholders.

That means value unintentionally is destroyed in most public corporations because managers pursue other goals that often conflict with the creation of value. Sometimes having the largest market share, the most volume growth, the best customer satisfaction, the most jobs, the most capacity, or even the biggest earnings per share by themselves destroy value over time instead of maximizing value over time.

It's not that these other goals are undesirable. All value creating companies pursue these goals and others not for their sake but because value maximization is not possible if they don't. The difference is that companies that manage for value understand that these other goals are means to the ultimate end which is the creation of as much value as possible.

Corporate bureaucracies isolate managers from the capital markets, and soon those managers believe that money for their projects comes from budgets and not from investors. Value-Based Management (VBM) is a set of management practices that attempts to align the explicit and implicit incentives of corporate managers with the overarching goal of creating long-term value.

Financial economists and investors have noticed these fundamental problems arise where ownership and control of the modern corporation are separated. Managers control the firm and can make decisions that benefit themselves at the expense of the firm's owners. VBM systems are the answer to this problem.

VBM is a management system that encourages employees to think and act like owners – even though they might only own a tiny sliver of the firm or nothing at all. We believe that capital markets are efficient over the long-term. At the same time, though, we recognize that capital markets are inefficient over the short-term in certain circumstances. The challenge we see for investors consistently seeking to outperform a market yardstick lies in 1) the recognition of temporary inefficiencies and the circumstances giving rise to such inefficiencies, and 2) the ability to capitalize upon these value dislocations in a timely fashion.

We believe that a security's trading value is influenced by each of the following:

Fundamentals: This refers to a security's "intrinsic" value. We define intrinsic value as the present value of the cash flows that could be distributed to the owners of a security discounted at a rate that properly reflects the time value of money, the risk that expected cash flows would not be obtained, the volatility of the cash flows, and the security's liquidity. In the case of corporate securities, the cash flows derive either from the company's operations or the sale of the company's operations and its assets.

Technicals: This refers to a security's historical trading pattern and prices. An example of a strategy that relies largely upon technical analysis is "momentum" investing wherein investors purchase securities that have recently appreciated in price in the expectation of further price increases.

Psychology: This refers to the propensity of investors to make investment decisions based upon greed and fear. Investors who have made money in an investment are often inclined to hope for additional profits and increase their exposure, while investors who have lost money in an investment are often inclined to worry about further losses and reduce their exposure. In today's markets, in large part, because a relatively few number of managers control enormous capital pools, group psychological swings foster excessive movements in security prices.

Liquidity: This refers to the amount of capital committed to investing in an asset class Vis-à-vis, the size of the asset class. Assuming that intrinsic value remains unchanged, supply and demand dictate that security prices will rise when additional investment capital enters an asset class and fall when investment capital leaves an asset class. For example, when individuals add liquidity by purchasing mutual funds, the managers of those funds face pressure to buy stocks regardless of the cheapness or dearness of equity prices.

We believe that trading values in the long-term are determined strictly by fundamental analysis. Notwithstanding this belief, technical, psychological and liquidity factors influence trading values in the short-term. These temporary value dislocations create attractive opportunities for the alert, diligent and patient investor focused on intrinsic value.

Dislocations between intrinsic and trading values exist in two forms. In the first form, the influences of *technicals*, psychology, and liquidity cause trading value to diverge from intrinsic value. The market temporarily focuses on something other than intrinsic value, and we invest on the premise that the market will refocus on fundamentals so that trading value will converge to intrinsic value. In the second form, the market miscalculates intrinsic value due to a lack of either effort or ability. Here, we invest on the premise that the market will correct its assessment of intrinsic value and that the trading value will adjust accordingly.

Investment Methodology

Search for ValueAligned® Companies

ValueAligned® Investing starts with a search for companies that have publicly committed to the use of capital efficiency measures like economic value-added (EVA) or another economic profit (EP that deducts a full capital charge from profits. Also, we search for a "return measure" like Return on Invested Capital (ROIC) or Return on Equity (ROE). Despite the wide acceptance of the value of EVA and Value-Based Management - where decision makers at all levels focus on increasing intrinsic value - less than 10% of the companies in the S&P 1500 use it. We continually search and then add and subtract companies to our ValueAligned® watch list.

Transform Accounting into Economics

Conventional accounting often severely distorts the economic drivers of business. It turns out that accounting earnings are a poor proxy for economic profitability because they do not accurately reflect the true cash flow of the firm. According to AFGview.com on average, corporate earnings represent only 45 to 50 percent of a company's cash flow. And earnings do not reflect risk because earnings favor debt financing with its tax advantage and comparably low rate.

Accounting rules distort many aspects of economic reality. Research & Development costs, which are long-term investments, are immediately expensed under GAAP accounting. Operating leases, obligations which are like debt, never appear on company balance sheets.

Measure Economic Performance

Once we convert the accounting numbers to economics, we evaluate how well the business has performed. The best companies and management produce positive economic profits (EVA) and grow those profits over time. Companies earn positive and growing EVA by earning returns on invested capital that are above the cost of that capital. Companies that have earned positive and growing EVA have proved to be good long-term investments, and that performance is a characteristic of a ValueAligned® company.

We avoid those firms that spend shareholders money but do not earn adequate returns to cover its cost of capital. Many companies grow at the expense of creating shareholder value. These misaligned companies can't generate an adequate rate of return on their assets, but none-the-less they keep trying to grow their way out of their problems.

We go out of our way to avoid these wealth destroyers, like Enron, Worldcom and the old Tyco, whose business models were fundamentally flawed which we learned *before* they went bust because their EVA went down even as accounting earnings were going up.

Compare Stock Price to Our Estimate of Fair Value

In the next step, we figure out what the market is paying for at the current market price. We use our EVA valuation model, the Applied Finance Group's (AFG) Economic Margin Model and analyst research to understand the expectations embedded in stock prices. We apply this framework to estimate what are the sales growth, margin and capital efficiency expectations embedded in today's stock price. We then compare those expectations against the company's likely ability to deliver those expectations.

Manage Using Margin of Safety, Position Sizing, and Correlation

During this process, we also estimate an expected Fair Value for the company's stock price. Then, after measuring our confidence in our estimate, we set a "Buy Below" stock price at which we would buy the stock. Those required discounts also called "Margin of Safety" can be as much as 50% of fair value.

Once we decide to buy a particular stock, we also must figure out how big the weighting should be in each of our clients' portfolio. We typically will have 50 - 60 stocks with position sizes ranging from 1% - 6% of the value of the portfolio. Size depends on each stock's risk and correlation to the other members of the portfolio. Typically, smaller companies will be smaller positions; larger companies will be bigger.

Correlation measures the degree to which different stocks move in the same direction at the same time. The portfolio will be optimally diversified if we have stocks that don't move together - we want low correlated investments to mitigate risk.

Risks Associated with Stock Investing

Past performance of a stock ***is not*** indicative of future results.

Stock Market Risk – Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the stock markets.

Management Risk – Our judgments about the attractiveness, value and potential appreciation of an individual stock may be incorrect, and there is no guarantee that individual securities will perform as anticipated. The value of an individual stock can be more volatile than the market as a whole, or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong, or even if our estimate of intrinsic value is correct, it may take a long time for the stock price and intrinsic value converge.

Small and Mid-Cap Company Risk – Investments in small and mid-cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. Also, small and mid-cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to economic events or competitive factors than larger capitalization companies.

Item 9 – Disciplinary History

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events (i.e., criminal and civil action, administrative proceeding, and self-regulatory proceeding) that would be material to your evaluation of them or the integrity of their management. ValueAligned has no information applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

ValueAligned's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer, representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the preceding entities. ValueAligned does not recommend or select other investment advisors for clients.

Item 11 – Code of Ethics

ValueAligned has adopted a Code of Ethics that fosters a high standard of business conduct for the firm and its employees. Specifically, employees are required to comply with all applicable securities laws and maintain privacy and confidentiality on:

(1) Client transactions, holdings and personal information as outlined in the Privacy Notice,
(2) Firm securities recommendations and other non-public material information, and
(3) Guidelines related to gifts and contributions.

All employees must accept, in writing, the terms of the Code of Ethics upon employment, annually or as amended.

The Code of Ethics document is available upon request and is offered to clients annually. Requests may be sent to ValueAligned, LLC, 125 Half Mile Road, Suite 200, Red Bank, NJ 07701.

Personal Trading

Employees of ValueAligned are prohibited from purchasing or selling the same securities that it recommends to its clients, with a few defined exceptions. Should an exception be approved, employees must receive prior approval from the Portfolio Manager and Trader before making a personal transaction, whether or not the security is included in any current client securities holdings, to mitigate any conflict of interest. If the security is currently being traded for client accounts, employees must wait to place their trades until after all anticipated client trades in the same security are completed. The price paid or received by a client account for any security will not be affected by the selling interest on the part of an employee, or otherwise, result in an inappropriate advantage to the employee

All employees are required to submit quarterly personal securities transactions, and annual holdings report for review by the Chief Compliance Officer, who will review these reports for trading conflicts with client accounts. Employees are also required to have copies of all brokerage statements sent to the Chief Compliance Officer, directly from the custodian(s), on at least a quarterly basis. The Chief Compliance Officer will maintain documentation of personal securities transactions, including any violations that occur and their resulting actions.

Trade Errors

In the event of a trade error, the executing broker is contacted so that the error can be corrected as soon as possible. The trader will document the error and take whatever steps are necessary to make the correction. Trade errors will be considered on a case-by-case basis and adjustments will be made accordingly. In correcting a trade error, ValueAligned will reimburse a client's account for any losses arising from the error and any profits related to the error will remain in the client's account. The Chief Compliance Officer (CCO) will work with the trader to determine what steps will be taken to prevent the error from recurring. This documentation will be maintained by the CCO and kept in the file entitled Trade Errors.

ValueAligned maintains a trade error account at its main prime broker for the hedge funds, currently Pershing Advisor Solutions (PAS). All trade errors will run through that account. ValueAligned is responsible for any net losses that might occur in the error account. Please note that most trades in the ValueAligned® Folio accounts are done at Folio Institutional using their online window trading system.

Item 12 – Brokerage Practices

Broker Selection and Best Execution

For the hedge fund(s) and SMAs at Pershing, ValueAligned seeks to obtain the best trade execution for its clients. ValueAligned selects, approves and compensates brokers based on the range and quality of their brokerage services, including, among other factors: execution capability, quality of research, coverage overlap, trading expertise, commission rates, the accuracy of execution, reputation and financial strength. Most of our trading is executed at Pershing which is evaluated annually.

ValueAligned uses several trade execution procedures to ensure fair trade allocation and best execution.

Other factors, such as cash levels, sector weightings, and other items might be taken into consideration, as well as making sure each fund and its clients are treated fairly. Performance-based fee accounts will not receive trading preference but will be included in the block. Traders and portfolio managers review and monitor trades daily for best execution.

ValueAligned uses Model Folios at Folio Institutional for their trading efficiency and scalability. ValueAligned updates all accounts that subscribed to a model which can be hundreds or even thousands of client accounts with just one click. Whenever ValueAligned updates a model, Folio's platform automatically calculates and executes all the individual trades necessary to update the holdings of every client that are invested using a model. And with Folio's window trades trading is normally commission-free.

Research and Other Soft Dollar Benefits

ValueAligned may consider the value of various services or products that a broker provides to the firm, including the value of research services and products. Selecting a broker in recognition of such other services or products is known as paying for those services or products with "soft dollars." Soft dollar practices come into play when an investment adviser executes transactions with a broker with which it has an arrangement to receive research products and services. ValueAligned uses soft dollars to acquire research products and services that fall within the safe harbor provided by the SEC under Section 28(e) of the Exchange Act.

Receipt of research from brokers who execute client trades involves conflicts of interest. An adviser that uses client brokerage commissions to obtain research receives a benefit because it does not have to produce or pay out-of-pocket for the research. Therefore, the adviser may have an incentive to select or recommend a broker based on its desire to receive the soft-dollar research instead of the best execution of client transactions. While it is possible that a commission incurred by the client may be higher on any given transaction, the selection of the executing broker/dealer is made with all factors in mind, including execution efficiency, settlement capabilities, research and overall financial health of the broker.

To mitigate this conflict:

We do not enter into agreements with any broker regarding the placement of securities based solely on soft dollar research. Research acquired by ValueAligned through soft dollars is used for the benefit of all clients, even though not all client transactions are executed at one brokerage firm. ValueAligned will reimburse the Fund for its pro-rata share of any such research services.

Within the last fiscal year, ValueAligned has acquired research services through soft dollar transactions including, but not limited to:

- Economic, industry or company research reports or investment recommendations;
- Compilations of securities prices, earnings, dividends and similar data;
- Certain computerized databases;
- Quotation services, research or analytical computer software and services.

Directed Brokerage

Although we generally discourage clients from directing trades to a particular broker (except for the ValueAligned® Folio Account where our clients direct us to use Folio Institutional which is a condition of the advisor agreement), we have had clients who have requested us to direct trading to a specific broker with whom they have a pre-established relationship. (As of April 26, 2017, ValueAligned does not have any clients directing trades to a broker). By directing brokerage, ValueAligned may be unable to achieve the most favorable execution of client transactions and this practice may cost clients more money. We inform our directed clients of these risks.

Aggregate Trades

Hedge Fund

ValueAligned has a trade allocation policy that allows it to select brokers for the Hedge Fund. Trades are grouped together to achieve lower commission costs, faster execution, and better execution prices. These "blocked" trades are allocated on a pro-rata basis at the average price. None of the firm's principals participate in any allocation of blocked trades or alongside trades to be allocated to the Funds.

> Example: Assume Value Aligned purchases 10,000 shares of stock through a broker-dealer to be divided between two accounts. Account A will receive 2,000 shares and Account B will receive the remaining 8,000 shares. The commission for the trade is not split 50/50, as this will cause client A to pay a higher price per share. The commission will be split pro-rata 20/80 to be consistent with the allocation. Also, if the order is executed at many different prices, ValueAligned ensures the trades are fairly allocated to avoid one investor consistently benefiting over another. The partial executions of 10,000 shares at one broker-dealer are put together in one block, and the prices averaged so that both accounts will receive the same price per share and the same pro rata commission per share.

ValueAligned® Folio Accounts

ValueAligned creates and maintains investment models on the Folio Institutional Web-based platform. Each client depending on cash availability is subscribed to one of the models. When ValueAligned updates and syncs a model, the system calculates all of the necessary trades to bring the subscribed client portfolios up to date and execute them commission-free at the next window. Each client receives the same price and a pro rata share of the trade to bring their account into sync with the model portfolio.

Folio Institutional offers highly economical, dollar-based, fractional share trading through their twice-daily trading windows, 11 AM and 2 PM. ValueAligned cost-effectively manages large or small models for its clients regardless of share prices and without burdensome trading fees. The trading windows and fractional shares allow ValueAligned to make decisions to buy and sell based on what's right for the client — not based on the cost of trading.

The performance of the client's investments will also more closely match the models when ValueAligned invests for them using dollar amounts and fractional shares, instead of only making whole round lot share purchases. The client more regularly invests smaller dollar amounts using fractional shares and still gets the full benefits of dollar cost averaging.

In this way, ValueAligned® Folio accounts are executed in a fair and equitable manner regardless of the relative sizes of each account.

Item 13 – Review of Accounts

As part of our risk management program, accounts are divided among the assigned portfolio managers for monitoring and review. Each account is reviewed, at least quarterly, for asset mix, risk level, and account restrictions and constraints about the client's investment objectives, current position size, and specific holdings. The frequency of the reviews depends on market conditions and other factors that a prudent, professional investor would deem necessary. Account objectives are confirmed, at least annually, with our direct clients.

Periodic written reports will be issued to clients on a quarterly basis. These reports might disclose performance returns, security holdings, and market values. If a client desires, other relevant factors may be disclosed.

Item 14 – Client Referrals and Other Compensation

ValueAligned may receive client referrals from brokers. If so, the client accounts would be considered directed, about commissions, and all trades would be placed with the respective broker.

ValueAligned does not compensate the brokers for these referrals.

ValueAligned does not currently receive compensation from any non-clients.

Item 15 – Custody

ValueAligned does not take custody of client assets. Client assets are held with banks or registered broker-dealers that are "qualified custodians." *ValueAligned® Folio* account clients will receive statements directly from Folio Institutional at least monthly.

Even though Fund assets are held at Pershing, Fund clients will receive monthly statements directly from the Fund's administrator, Tower Fund Services, monthly confirming the value of capital accounts. We urge clients to carefully review those statements especially with regard to capital movements, contributions, and withdrawals, to and from the fund, and compare them to the capital confirmations that are sent by the outside auditors or outside tax advisors.

Item 16 – Investment Discretion

ValueAligned accepts discretionary authority to manage the assets in the client's account. We observe investment limitations and restrictions that are outlined in each account's investment advisory contract. We assume investment authority on your account when the investment management agreement is executed. Our Fund clients are managed by the fund's investment objective, strategies and restrictions and are not tailored to the individualized needs of any investor in the fund.

Item 17 – Voting Client Securities

ValueAligned® Folio

FOLIO *Vote*: Online Proxy Voting Made Easy

FOLIO*Vote* is a unique online service that offers our clients the information needed to make informed decisions about how best to vote proxies and to handle certain other corporate actions, as well as an integrated method to cast votes.

The FOLIO*Vote* feature provides automatic email notifications regarding upcoming corporate actions and votes relating to securities held in the clients' accounts. The client determines who votes for corporate actions, ValueAligned or its clients. *ValueAligned® Folio* clients can even set custom permissions so that we both share voting capabilities.

Some financial advisers vote proxies on behalf of their clients. Other clients and their advisors believe it better to have the client make these decisions directly. With FOLIOVote, clients, or any designee they choose will receive email notifications whenever corporate actions affecting securities in their accounts are announced. Notifications will instruct the recipient on how to learn more about the issue presented and how to cast votes online when called for. It's simple, quick, and allows direct participation in corporate governance matters. With FOLIOVote, ValueAligned and clients can work together to determine how to best exercise corporate governance rights.

Unless a client specifically requests that ValueAligned votes their proxies or to take a shareholder action on other corporate actions requiring shareholder actions, the *ValueAligned® Folio* account client will vote all proxies and act on all other actions promptly, as part of its full discretionary authority over client assets. Corporate actions may include tender offers or exchanges, bankruptcy proceedings, and class actions. If a client wishes to direct ValueAligned to vote in a certain manner for a proxy, they should provide such direction in writing to ValueAligned at least two weeks before the shareholder meeting date.

ValueAligned will vote proxies for the Funds. Our utmost concern when voting proxies is that all decisions are made in the best interest of the clients. ValueAligned will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account and will give substantial weight to the recommendation of management on any issue.

Conflicts of Interest

ValueAligned also considers whether there are specific facts and circumstances that may give rise to a material conflict of interest on the part of ValueAligned voting the proxy. Should a proxy proposal raise a material conflict between the interests of ValueAligned and a client, we will resolve the matter on a case-by-case basis, by abstaining from the vote or vote the way ValueAligned believes is in the best interest of the client.

ValueAligned has written proxy voting procedures, which clients may receive upon written request. Clients may also request information about how ValueAligned voted proxies, on their securities, by writing to ValueAligned Partners, LLC, 125 Half Mile Road, Suite 200, Red Bank, NJ 07701.

Class Action Security Litigation Policies and Procedures

ValueAligned is not required to assemble or file class action security litigation documentation on behalf of any client but will provide information it has readily available to aid clients who wish to file.

Item 18 – Financial Information

Investment advisers are required to provide you with certain financial information or disclosures about their financial condition. ValueAligned has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.

VALUEALIGNED, LLC

Form ADV Part 2B – Brochure Supplement

June 29, 2018

125 Half Mile Road, Suite 200
Red Bank, NJ 07701

(732) 800-2375

www.ValueAligned.com

David L. Berkowitz

Founder, Managing Member & Chief Investment Officer

This Brochure Supplement provides information about DAVID L. BERKOWITZ and is an addendum to the VALUEALIGNED, LLC Brochure.

You should have received a copy of that Brochure.

Please contact David L. Berkowitz at (732) 800-2375, if you did not receive VALUEALIGNED, LLC's Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

DAVID L. BERKOWITZ

Founder, Chief Investment Officer (CIO) & Managing Member

Year of Birth: 1964, Age 53

Columbia University School of Business, MBA 1997

Columbia College, Columbia University, BA 1986

FAMILY OFFICE FINANCIAL ADVISOR, CHIEF INVESTMENT OFFICER,
EQUITY PORTFOLIO MANAGER & CORPORATE FINANCE CONSULTANT

Registered Investment Advisor Representative, Wealth Management & Hedge Fund Experience

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Broadly qualified Senior Investment Professional offering more than 30 years of investment management, stock analysis, corporate finance, corporate strategy and financial advisory experience. An entrepreneurial & innovative leader focused on growing & preserving wealth by managing portfolios of the stocks of great companies. The leader of an independent investment firm that manages assets for a broad spectrum of individuals and their families. Provided comprehensive, fee-only, institutional level investment and family office services that may have been previously unavailable to most individual investors. Manage separately managed accounts (SMA) and investment partnerships (Hedge Funds for qualified individuals) by investing in the shares of great companies where management is most aligned with shareowners.

Strengths in:

- Value Investing
- Investment Strategy & Research Process
- Tactical Asset Allocation
- Macro-economics
- Equity Portfolio Management
- Value-based Management & EVA®
- Hedge Funds, Short-selling & Options
- Corporate Finance (Consulting)
- Executive Compensation
- Investment Policy & Compliance

PROFESSIONAL EXPERIENCE

ValueAligned Partners – Red Bank, NJ **2002 - Present**

www.ValueAligned.com

FOUNDER/CIO/ MANAGING MEMBER (2002 – Present)

Founded a private investment management firm with $3 million under management in 2002. Grew assets under management (AUM) by partnering with an established family office in Richmond, Virginia.

Developed and implemented an active value investing system called ValueAligned® Investing that marries value investing with value-based management (VBM) & EVA® to identify the companies with the managements most aligned with creating shareholder value.

Stern Stewart & Co. – **1997 -2002**
New York, NY
www.sternstewart.com

PRINCIPAL/SENIOR VICE PRESIDENT (2001 – 2002)

VICE-PRESIDENT/PROJECT MANAGER (1999 – 2001)

ASSOCIATE (1997 – 1999)

David led Stern Stewart's consulting operations in North America and managed the firm's head office in New York. He concentrated on Stern Stewart's manufacturing clients and managed over 50 large and small EVA® engagements for manufacturers, retailers, and financial services firms. Also, David often co-operated with Stern Stewart's Corporate Finance Advisory practice, by applying value-based management principles to assist C-level executives and Boards with financial strategy decisions, valuations, and mergers and acquisition analysis. He helped design a survey of best practices

As the pioneers of value-based management (VBM) with their EVA® framework for corporate governance, Stern Stewart helped many public and private companies improve shareholder value by aligning measurement, strategic planning, compensation, and finance education.

David also designed and conducted corporate finance education and EVA training for over 6,500 financial and line managers, and corporate boards.

Before Stern Stewart, David was **Chief Operating Officer and Head Trader for Woodward & Associates, a New York-based hedge fund.**

David has spoken at local National Investor Relations Institute (NIRI) chapters and Analyst Societies in New York, Philadelphia, Chicago, Dallas, and Washington. Additionally, he has spoken at Columbia University's School of Business, Fabozzi's Value Metric Conference, the American Management Association (AMA), and IBM's Advanced Business Institute, among others. David is a member the New York Society of Security Analysts (NYSSA).

He holds an **MBA from the Columbia University Graduate School of Business (MBA 1997)**, and a **BA from Columbia University's Columbia College (BA 1986)**, where he studied economics.

David and his wife Patti have been married for 31 years and have lived in their current home for the last 24 years in their hometown of Middletown, New Jersey. They have three children.

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information applies to any of the ValueAligned associates referenced in this Supplement.

Item 4- Other Business Activities

There are no reportable outside business activities for any of the ValueAligned associates referenced in this Supplement, except that Mr. Berkowitz is the general partner for Berk Capital, L.P., his family partnership, which is a large majority owner of the general partner of the Hedge Funds.

Item 5- Additional Compensation

There is no additional reportable compensation for any of the ValueAligned associates referenced in this Supplement, except that Mr. Berkowitz does receive periodic management fees from his family partnership, Berk Capital, L. P.

Item 6 - Supervision

Mr. Berkowitz is a principal of ValueAligned Partners, LLC and a Managing Member of the Management Committee. He can be reached at (732) 800-2375.