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July, 2014

**TO: LIMITED PARTNERS OF SEMPER VIC PARTNERS (QP), L.P.**

Results for Semper Vic Partners (QP), L.P., appear below along with cumulative performance since inception in October 2003. Partnership results are presented net of advisory fees and are compared to market indices whose returns include reinvested dividend income:

**SEMPER VIC PARTNERS (QP), L.P.**
**INVESTMENT PERFORMANCE**

| | Semper Vic Partners QP | Dow Jones Industrial | S&P 500 Index |
|---|---|---|---|
| **Half Year, 2014** | 6.1% | 2.7% | 7.1% |
| Second Quarter, 2014 | 5.3% | 2.8% | 5.2% |
| First Quarter, 2014 | 0.8% | -0.2% | 1.8% |
| **Full Year, 2013** | **21.1%** | **29.7%** | **32.4%** |
| Fourth Quarter, 2013 | 5.1% | 10.2% | 10.5% |
| Third Quarter, 2013 | 6.1% | 2.1% | 5.3% |
| Second Quarter, 2013 | -1.9% | 2.9% | 2.9% |
| First Quarter, 2013 | 10.7% | 11.9% | 10.6% |
| **Full Year, 2012** | **24.0%** | **10.2%** | **16.0%** |
| Fourth Quarter, 2012 | 4.2% | -1.7% | -0.4% |
| Third Quarter, 2012 | 5.7% | 5.0% | 6.4% |
| Second Quarter, 2012 | 0.7% | -1.9% | -2.8% |
| First Quarter, 2012 | 11.8% | 8.8% | 12.6% |
| **Since QP Inception** | | | |
| 10/15/03 – 6/30/14 | | | |
| Cumulative | 194.9% | 125.2% | 132.7% |
| Compound Annual | 10.5% | 7.9% | 8.2% |

## <u>Investment Position and Outlook</u>

Second Quarter performance for Semper Vic Partners saw a sharp recovery from 2014 First Quarter returns, reflecting several overall factors.

First, US investors' fears over developing and emerging markets' risks weighed less heavily on sentiment, leaving some investors willing to reallocate capital back towards emerging market investments. This was so even despite lingering doubts over developing- and emerging-market currencies where weakness in the first quarter led to some panic selling of shares of companies like British American Tobacco, Diageo, Heineken, MasterCard, SABMiller and Unilever. Such companies' emerging-markets prospects are promising because of their strong brand positioning and valued local strengths in distribution and manufacturing. Our portfolio companies, however, had the remarkable misfortune of having experienced concerted market pressure in the early portions of the first quarter, when many of their share prices declined by high single-digit percentages in just one week!!!

Second, signals of stabilization in developed markets, such as Western Europe, North America, etc., emerged during the second quarter. Anecdotally, I witnessed local strength in a recent market visit to Ireland with senior management from portfolio company Pernod Ricard's locally based Irish Distillers subsidiary. From the vantage point of Irish Distillers, Ireland seems to be indeed a rosy place, as global shipments of their powerhouse brand, Jameson, continue to flourish, as do sales of their small but fast-growing artisanal spirits' endeavors.

However, it was evidence of recovery beyond pockets of strength enjoyed by global premium exporters like Jameson that most suggested economic stabilization. Ireland has surely been long rid of excesses leftover from the period when Ireland was known as the "Celtic Tiger." Ireland, like other troubled Western European countries – Portugal, Italy, Greece, Spain, etc. – benefitted from government restructurings to their at-risk banking systems. In addition, Ireland benefitted from the creation of NAMA (National Asset Management Agency), a government-funded entity into which most of the nation's foreclosed loan portfolios have been placed. NAMA is conducting an orderly liquidation of properties, resulting in a market bottoming for both commercial and residential real estate, a return of construction, and a generally improving economic tone.

I have heard from other portfolio company managements, with whom I have visited abroad over the past few months, evidence of similar recurring stories of economic stabilization and recovery. This has been true with senior management at both the corporate level as well as in the field, from Philip Morris International, Heineken, Pernod Ricard and Richemont, amongst others. Declines, and declines in the rate of decline for demand of their products, combined with progress underway on strict cost-control measures have led to improving operating profit margins from our developed market, European-headquartered companies. Cost savings are vital as they provide cash flow that underwrites investments intended to extend our companies' portfolios of consumer brands increasingly more deeply into developing and emerging markets.

## **“Capacity to Reinvest”**

A third development during Third Quarter 2014 is the continued confidence which I have received during the quarter about our portfolio companies’ continued “capacity to reinvest” coupled with our management teams’ continued “capacity to suffer” near-term burdens on quarterly reported earnings that inevitably arise from long-term-oriented investment spending. 2014 year-to-date headlines concerning activist pressure on companies who dared to risk under-delivering Wall Street’s near-term reported-earnings expectations, suggest how difficult it is for most companies to truly invest for the long term when management lacks the “capacity to suffer” through Wall Street near-term-earnings “disappointment.” News of the continued capacity to reinvest arose from both international portfolio companies with emerging-markets exposure, which represent nearly 70 percent of assets which I oversee, and from domestic portfolio companies.

### Emerging Markets

Nestlé’s recent announcement of a new $600-million-plus multi-year investment program in Nigeria provides a fine example of opportunity to reinvest. While there would be a host of reasons why I would find direct investment in Nigeria to be challenging (e.g. lack of corporate accountability, lack of accounting standards, different local standards regarding corporate governance and treatment of public shareholders), my partners have been very well served by having a company, with as high a set of global standards for corporate accountability as Nestlé possesses, deploy additional capital on our behalf.

Through Nestlé we have deeply integrated brands in Nigeria (e.g. Maggi, Milo, Nan, Nescafé, etc.) for which, due to a legacy of earlier investments in manufacturing, distribution, advertising, etc., Nestlé has cultivated demand for their products in Nigeria and throughout developing markets like Nigeria. Nestlé offers emerging markets “properly priced” versions of their global brands. Nestlé also offers local adaptations to global brands and market-specific local brands to deliver on Nestlé’s overriding mission of delivering “health and wellness” through their product offerings.

Nestlé, for instance, launches throughout Nigeria’s still-developing regions its dominant Maggi bouillon cube priced to sell in traditional markets at an affordable entry price by offering its bouillon for sale **one cube** at a time. As more eligible consumers emerge due to population growth and as more consumers have a bit more consumer disposable income (tracking growth in GDP per capita), Nestlé’s consumers will be able to deepen their involvement with Nestlé’s products by affording more of the same (i.e. two, not one bouillon cube) and more of Nestlé’s full product portfolio.

Nestlé Nigeria’s current round of capital investments comes on the heels of the prior decade’s $500-million-plus capital spending. It will fund construction of a new large factory as well as modernization of existing facilities. It will also help lay foundations for the next round of capital investments, one area of which may address what Nestlé determines to be a large and growing market: bottled water. We are privileged to have seemingly endless layers of prospective capital deployment capabilities throughout the world with Nestlé’s operations in countries which share Nigeria’s growth prospects.

At the absolute opposite end of the spectrum, Nestlé recently announced an investment of over $300 million to construct a third Nespresso coffee system pod factory. Having already built two earlier facilities, Nespresso now finds itself again confronting capacity limitations due to ongoing strength of sale of its premium, single-serve coffee systems. Although construction costs will burden current profits, as will margins decline when the new factory comes on stream and operates as it inevitably will with less than fully absorbed fixed overhead cost, Nestlé's management wholeheartedly endorses investments destined to build long-term value even at the expense of shortfalls in reported profits. Indeed, patience has been well rewarded with Nespresso, a business which took 15 years to break even, but now is highly profitable with annual sales nearing $5 billion. Nestlé's capacity to reinvest spans from popularly-priced products ("one Maggi cube at a time"…) to premium-priced, personal coffee systems as well as to a vast universe around the world in between extremes.

## Domestic Market

Domestic portfolio companies during the first half of 2014 spoke similarly well about their prospects for profitably re-deploying our capital through investments intended to increase their intrinsic value on a per-share basis.

Berkshire Hathaway continues to stand out at the head of the class when measured against the test of "capacity to reinvest." At this year's annual meeting and through comments in this year's Berkshire Hathaway annual report, Berkshire celebrated past reinvestment successes and prepared us to expect more of the same. GEICO was one subsidiary called out for its commitment to reinvest. GEICO's steady growth in policyholders from roughly 2 million, upon Berkshire's acquisition, to over 11 million today has driven enormous value accretion, as each GEICO policyholder has a life-time expected value for GEICO in excess of $1,500 per policyholder. This value exists entirely despite the fact that the reported expenses associated with "onboarding" new policyholders result in a reported profit "loss" in Year One of over $250 per newly insured.

Warren Buffett would have no trouble urging growth at Berkshire Hathaway GEICO Division even though Year One "expenses" generated reported first-year losses. Berkshire has been delighted to make this "Aesop's Fable" tradeoff between "a bird in the hand versus birds in the bush" in GEICO's case, suffering reported loss of $250 in Year One for an increase in shareholder wealth of over $1,500 that accompanied each newly insured as a result of high persistency, low combined ratio, and no agent/insurance broker fee.

Consider the math and the interesting impact that GEICO's potential growth could have had on reported earnings' optics the year it became a subsidiary of Berkshire Hathaway. Assuming GEICO then had operating earnings of approximately $150 per policyholder, their beginning annual reported operating profits would have been $300 million (i.e. 2 million policyholders times $150 of operating profit per policyholder). If in an extreme moment GEICO could have doubled its number of policyholders to 4 million by the end of the next year, GEICO's report profits would have dropped from the prior year's profits of $300 million to a reported loss of $200 million. The collapse in reported profits would have occurred despite the fact that GEICO's intrinsic value would have added $3 billion (i.e. 2 million new policyholders times the lifetime value of each policyholder of roughly $1,500).

GEICO's collapse in reported profits would have likely challenged its ability to remain an independent company. Given risks to reported profits, GEICO's management would have likely stayed clear of such dramatic growth as the decline of reported profits would have threatened management's continued control of the company (i.e. they would have lacked the "capacity to suffer"). After all, any activist worth their salt could easily take a run at any company whose reported profits so imploded even though owners' wealth through such growth would have increased intrinsic value by over $3 billion.

Indeed, under Berkshire Hathaway's support of ownership, GEICO has added nearly 10 million policyholders. Warren Buffett even suggested in this year's annual report that, as a result of GEICO's "capacity to suffer" near-term burden, their policyholder increase added $20 billion to Berkshire's intrinsic value!!!

All readers of this letter likely can serve witness to the GEICO trend as they have been most likely inundated with multi-themed, annually increasing advertising campaigns for which Berkshire increased GEICO's advertising budget from $30 million per year at the time of GEICO's acquisition to as much at $1 billion in recent years (recall fondly GEICO's "spokes-animals" – talking lizards, tennis-playing cavemen, etc.).

Our portfolio company managements can add just as much value by knowing when not to invest, as the companies discussed above have known, as knowing when to invest heavily for growth despite having to endure the burden of up-front spending. Attendees at this May's Wells Fargo investor seminar witnessed a good example of the value of shareholder-minded decision to rein back investment.

Wells Fargo management surely knows how to exercise their "capacity for reinvestment," evidenced by their management's willingness to pursue the Wachovia acquisition in 2008, a time of our nation's darkest financial moment in recent history. Wells Fargo nearly doubled its size (i.e. as measured by branches, ATM machines, tellers, assets, deposits, etc.) for a price which at the time represented barely 10 percent of Wells Fargo's own equity-market valuation. Wells Fargo management fully realized that accounting impacts from a bank with troubled assets like Wachovia's would render effectively impossible any prospects for smooth reported-earnings progression for almost a decade. Wells Fargo management, nonetheless, confidently exercised their "capacity to reinvest" by securing the deal. Management was comforted while doing so that Wells Fargo's largest shareholder, Berkshire Hathaway, would have supported management's bold measure to increase intrinsic value on a per-share basis even at the risk of increased exposure to more volatile and inevitably a market-disappointing near-term profit.

Fast forward to today: Wells Fargo has largely integrated Wachovia, addressed Wachovia's problems in operations, dealt with its troubled assets, integrated their combined management teams, installed a firm-wide information management system, and generally returned the now vastly larger institution to the former financial strength which had characterized Wells Fargo, pre-2008 financial crash.

However, today Wells Fargo faces limitations on growth through further acquisitions in the domestic commercial bank industry (Wells Fargo has reached a national share of bank deposits that approaches the 10-percent limitation that prohibits commercial banks from future acquisitions). In addition, management has decided that their remaining current prospects for internal reinvestment (i.e. growth in credit and debit cards, small-business lending, auto lending both for dealers and car buyers, etc.) have for the time being become much more limited. In response, Wells Fargo management recently announced their decision to increase their combined shareholder-payout ratio (i.e. including both dividend and share repurchase) from 25 percent of net income to a level between 50 to 75 percent. A near tripling of the shareholder-payout ratio recognizes limitations which Wells Fargo for the first time confronts in its long history of reinvesting. Much like some of our other portfolio companies which have faced at different stages similar reduced prospects for internal capital deployment, Wells Fargo management has chosen a shareholder-minded approach for returning excess cash flow back to owners.

In addition to providing above observations about the investment environment and news from our portfolio companies during both Second Quarter and First Half 2014, I direct your attention to two attached tables which show how portfolio holdings in Semper Vic Partners (QP), L.P. specifically contributed to overall performance in both Second Quarter and First Half 2014. I also attach Semper Vic Partners' historic table of annual returns that shows historic returns and its portfolio report showing our "global value" equity holdings as of June 30, 2014. While I spend little time or energy patterning quarterly performance and urge my partners to maintain a similar longer-term perspective, I do provide performance contribution tables for those partners' review who care about contributions to shorter-term performance.

Returns for Second Quarter and First Half 2014 support my practice of concentrated investing. As you will see, the top four contributors to the second quarter's performance were companies within the top eight holdings by market weight. The top four contributors to weighted average performance during the second quarter were SABMiller (1.0%), CIE Richemont (0.67%), Nestlé (0.55%), and Anheuser-Busch InBev ADR (0.55%). Similarly, the top four contributors to performance for the six months came from companies which were in the top ten holdings by percentage weight. The top four contributors to weighted average portfolio performance during the first half of 2014 came from holdings in Wells Fargo (1.2%), Nestlé (0.85%), SABMiller (0.83%), and Berkshire Hathaway (0.75%). Amongst the top ten portfolio holdings by market weight in Semper Vic Partners, only one position, MasterCard, detracted from performance. MasterCard generated a negative 0.1% weighted average return in the second quarter and a negative 1.0% weighted average return in the first half of 2014.

My above comments about factors that helped drive our portfolio companies' share-price performance in Second Quarter and First Half 2014, should hopefully continue to drive future portfolio advances. However, dark clouds do remain that may threaten prospects for our global market-leading companies on whose success we so depend.

First, there remain economic uncertainties over our nation's ability to wean ourselves from the unprecedented level of stimulus that the rest of the world has permitted our Federal Reserve to engage in through its QE program. To date, the Federal Reserve has been able to count on the "kindness of strangers" in conducting such short-term support without having to come to terms with long-term consequences of free-spending ways. Similar stresses exist throughout central banks around the world wherein equity markets similarly depend on this needed stimulus. Reversing such policies and/or moving forward could result in sharp swings in currency values, interest rates, prospects for inflation, etc., all of which could adversely affect equity values globally.

Second, global political forces similarly darken investor horizons. Some of the tailwinds which have supported our portfolio companies' global advance over the past several decades may not provide similar future lift. From a political perspective, evidence of conflict – Syria (where Nestlé recently lost a manufacturing facility), the Ukraine (a large market for Philip Morris), Iraq, Iran, ISIS (?), and Russia (a meaningful market for Richemont, Philip Morris, Nestlé, Unilever, to name just a few of our portfolio companies), etc. – may suggest forces that could reverse the "opening up" of societies' willingness to trade that has benefitted our investments over the past decades. Open trade and the accompanying general liberalization of societies may have stretched just too far in parts of the world where opponents to westernizing change feel increasingly uncomfortable and lash out in response.

When assessing the investment implications of seemingly growing pockets of turbulence, both economic and political, I am comforted by both the nature of the daily involvement our companies have with their consumers around the world and the population growth that continues to occur in the world in markets where our portfolio companies remain active. I also take comfort from my personal belief in the growing daily demand for our companies' deeply-imbedded branded products. As well, I take comfort from the responses which Berkshire Hathaway's CEO, Warren Buffett, has provided when asked about levels of political and macro-market risk over the nearly 30 years of Berkshire Hathaway annual meetings that I have attended. His response has been for investors to focus on company fundamentals. He further observed that, had he waited for signals of political and macro-economic risk-free prospects to emerge before he began to invest, he would still be waiting to deploy the modest nest egg with which he commenced investing over 50 years ago.

In addition, I act with reference to the encouragement which Mr. Buffett provided my class in the early 1980s when visiting Stanford Business School's investment seminar hosted by value-investing legend, Professor Jack McDonald, that investors really are best served to take a very long-term approach when investing in order to take advantage of one of a very few benefits the US government provides investors. That benefit, the non-taxation of unrealized capital gains, provides leverage to long-term returns from those investments capable of being long-held in portfolios. Indeed, Mr. Buffett suggested to our class that in an investor's lifetime, including professional investors as well as personal ones, one might expect to have a punch card of successful investments that number fewer than 20, that meet the many important aspects of a checklist required to establish an investment as capable of being held for the long term.

Over the 30 years since starting the investment partnership that now bears the name Semper Vic Partners, L.P., I have been blessed to have many investments "punch my card." This list, led by Berkshire Hathaway, includes many (if not most) of the positions with which you have become long comfortable within your portfolio. I believe these companies to possess the requisite blend of having brands which provide the "capacity to reinvest," management's "capacity to suffer" through reported earnings' burden generated by reinvestment and, most importantly, an alignment of interest between owners and management, that for our portfolio companies often arises from continued active presence of founding families, whose own personal, often generational preference for accretion of value in the long term on a per-share basis aligns squarely with mine for your capital.

For any administrative questions or concerns, please contact Holly Breneman and/or her assistant, Kathy Rathman, by phone (717-299-1385) or e-mail at HBreneman@GRGlancaster.com and KRathman@GRGlancaster.com. You will find their responses timely and accurate, and their manner friendly.

I continue to search globally for attractive new investments capable of balancing risk and return in ways similar to existing portfolio companies. As always, I look forward to hearing from any partner regarding your direct holdings in Semper Vic Partners (QP), L.P., and/or regarding investments in general. I can be reached by phone (717-299-1385) or e-mail at Thomas.A.Russo@GRGlancaster.com.

Thank you for your continued trust and support.

Very truly yours,

TMRusso

Thomas A. Russo
General Partner

Attachments

Gardner Russo & Gardner LLC

**Contribution Detail by Security**

***Semper Vic Partners (QP), L.P.***

***Gross of Fees***

*From 03-31-14 to 06-30-14*

| Security | Avg Wgt | Return | Contrib |
|---|---|---|---|
| Berkshire Hathaway Inc Cl A | 11.09 | 1.36 | 0.16 |
| Nestle SA-Spons ADR | 10.84 | 4.97 | 0.55 |
| Philip Morris International Inc | 8.70 | 4.06 | 0.36 |
| Wells Fargo | 7.15 | 6.42 | 0.45 |
| Mastercard Inc Cl A | 7.02 | -1.50 | -0.11 |
| Compagnie Financiere Richemont SA | 6.98 | 9.82 | 0.67 |
| SABMiller PLC | 6.73 | 16.01 | 1.02 |
| Heineken Holding NV | 6.56 | 2.77 | 0.19 |
| Pernod Ricard | 6.04 | 3.10 | 0.19 |
| Anheuser-Busch InBev ADR | 5.28 | 10.65 | 0.55 |
| Unilever NV ADR | 5.27 | 7.26 | 0.38 |
| British American Tobacco PLC | 3.23 | 6.94 | 0.22 |
| Altria Group Inc | 3.22 | 13.32 | 0.41 |
| Brown-Forman Corp Cl A | 2.91 | 4.16 | 0.12 |
| Diageo PLC | 2.81 | 2.80 | 0.08 |
| Martin Marietta Materials | 2.30 | 3.22 | 0.07 |
| Comcast Corp Special Cl A | 2.09 | 9.81 | 0.20 |
| Scripps Networks Interactive Cl A | 0.96 | 7.16 | 0.07 |
| Graham Holdings Co | 0.69 | 2.42 | 0.02 |
| Berner Gruppen | 0.10 | -0.76 | 0.00 |
| NHST Media Group | 0.02 | -13.50 | 0.00 |
| **Total** | **100.00** | **5.60** | **5.60** |

**Excluded from analysis:**

**Asset Class:** Cash and Equiv.

Gardner Russo & Gardner LLC

**Contribution Detail by Security**

***Semper Vic Partners (QP), L.P.***

***Gross of Fees***

*From 12-31-13 to 06-30-14*

| Security | Avg Wgt | Return | Contrib |
|---|---|---|---|
| Berkshire Hathaway Inc Cl A | 11.00 | 6.74 | 0.75 |
| Nestle SA-Spons ADR | 10.95 | 7.70 | 0.85 |
| Philip Morris International Inc | 8.73 | -1.07 | -0.12 |
| Mastercard Inc Cl A | 7.50 | -11.81 | -1.02 |
| Wells Fargo | 7.14 | 17.38 | 1.18 |
| Compagnie Financiere Richemont SA | 7.04 | 4.74 | 0.34 |
| Heineken Holding NV | 6.54 | 4.73 | 0.33 |
| SABMiller PLC | 6.49 | 12.74 | 0.83 |
| Pernod Ricard | 6.06 | 5.23 | 0.33 |
| Anheuser-Busch InBev ADR | 5.25 | 9.44 | 0.50 |
| Unilever NV ADR | 5.09 | 10.56 | 0.54 |
| Altria Group Inc | 3.17 | 11.95 | 0.37 |
| British American Tobacco PLC | 3.15 | 14.25 | 0.45 |
| Diageo PLC | 2.84 | -2.68 | -0.09 |
| Brown-Forman Corp Cl A | 2.82 | 26.00 | 0.67 |
| Martin Marietta Materials | 2.28 | 33.01 | 0.66 |
| Comcast Corp Special Cl A | 2.16 | 7.86 | 0.16 |
| Scripps Networks Interactive Cl A | 1.01 | -5.62 | -0.07 |
| Graham Holdings Co | 0.71 | 9.11 | 0.07 |
| Berner Gruppen | 0.09 | 40.83 | 0.03 |
| NHST Media Group | 0.02 | -18.44 | 0.00 |
| **Total** | **100.00** | **6.73** | **6.73** |

**Excluded from analysis:**

**Asset Class:** Cash and Equiv.

Semper Vic Partners (QP), L.P.
Annual Summary of Limited Partner Returns

| Year | | Semper Vic Partners (QP), L.P. | Dow Jones Industrials | S&P 500 |
|---|---|---|---|---|
| 2014 | (thru 6/30) | 6.1% | 2.7% | 7.1% |
| 2013 | | 21.1% | 29.7% | 32.4% |
| 2012 | | 23.9% | 10.2% | 16.0% |
| 2011 | | 6.7% | 8.4% | 2.1% |
| 2010 | | 21.2% | 14.0% | 15.1% |
| 2009 | | 26.9% | 22.7% | 26.5% |
| 2008 | | -30.5% | -31.9% | -37.0% |
| 2007 | | 7.1% | 8.9% | 5.5% |
| 2006 | | 19.8% | 19.1% | 15.8% |
| 2005 | | 3.7% | 1.7% | 4.9% |
| 2004 | | 10.0% | 5.3% | 10.9% |
| 2003 | | 11.1% | 7.1% | 6.3% |
| Compound Annual Return | | 10.6% | 7.9% | 8.2% |

*Portfolio holdings that make up Semper Vic Partners (QP), L.P. are generally domestic and foreign mid- and large-cap companies. Investment style is value-oriented and long-term. Indices against which Partnership performance is compared may or may not precisely mirror composition or investing style of the Partnership. Compound annual returns for Semper Vic Partners (QP), L.P. and for the Dow Jones and the Standard & Poor's indices reflect dividends reinvested. Semper Vic Partners (QP), L.P. opened on October 15, 2003 and results reflect that partial year's returns. Annual returns are audited limited partner returns and are expressed net of all expenses. Any results that include Semper Vic Partners (QP), L.P. estimated monthly performance (including year-to-date and compound annual performance) are unaudited. Past performance is not a guarantee of future results and does not diminish possibility of loss.*

# Performance Review

## Semper Vic Partners (QP), L.P.

### October 14, 2003 to June 30, 2014

| | ENDING MARKET VALUE | CONTRIBUTIONS WITHDRAWALS | TOTAL PORTFOLIO | EQUITY HOLDINGS | DJITR | SP500T |
|---|---|---|---|---|---|---|
| **Monthly** | | | | | | |
| June | 2,239,332,289 | (64,798) | 0.0 | 0.1 | 0.7 | 2.1 |
| May | 2,237,093,347 | (148,816) | 2.4 | 2.6 | 1.2 | 2.3 |
| April | 2,181,967,163 | (36,119,112) | 2.8 | 2.9 | 0.9 | 0.7 |
| March | 2,157,683,661 | (1,886,162) | 1.6 | 1.7 | 0.9 | 0.8 |
| February | 2,124,756,641 | (1,938,350) | 5.8 | 6.0 | 4.3 | 4.6 |
| January | 2,008,522,533 | (9,591,632) | (6.2) | (6.2) | (5.2) | (3.5) |
| **Quarterly** | | | | | | |
| Second | 2,239,332,289 | (36,332,726) | 5.3 | 5.6 | 2.8 | 5.2 |
| First | 2,157,683,661 | (13,416,143) | 0.8 | 1.1 | (0.2) | 1.8 |
| **Yearly** | | | | | | |
| 06/30/2014 | 2,239,332,289 | (49,748,870) | 6.1 | 6.7 | 2.7 | 7.1 |
| 12/31/2013 | 2,148,576,813 | 418,710,204 | 21.1 | 23.1 | 29.7 | 32.4 |
| 12/31/2012 | 1,374,591,684 | 262,064,792 | 24.0 | 25.8 | 10.2 | 16.0 |
| 12/31/2011 | 858,526,894 | 156,616,373 | 6.8 | 8.0 | 8.4 | 2.1 |
| 12/31/2010 | 644,451,958 | 62,711,649 | 21.2 | 22.7 | 14.1 | 15.1 |
| 12/31/2009 | 470,715,777 | (43,600,487) | 27.1 | 27.9 | 22.7 | 26.5 |
| 12/31/2008 | 413,405,554 | (18,802,376) | (30.4) | (30.5) | (31.9) | (37.0) |
| 12/31/2007 | 613,999,934 | 71,532,629 | 7.2 | 8.2 | 8.9 | 5.5 |
| 12/31/2006 | 504,165,128 | 155,373,189 | 20.0 | 21.5 | 19.1 | 15.8 |
| 12/31/2005 | 268,305,777 | 124,523,679 | 3.9 | 4.6 | 1.7 | 4.9 |
| 12/31/2004 | 134,383,897 | 84,903,758 | 10.2 | 11.8 | 5.3 | 10.9 |
| 12/31/2003 | 38,071,504 | 35,650,982 | 11.1 | 11.9 | 7.1 | 6.3 |
| TIME-WEIGHTED CUMULATIVE RETURN | | | 198.6 | 234.8 | 125.2 | 132.7 |
| COMPOUND ANNUALIZED RETURN | | | 10.8 | 11.9 | 7.9 | 8.2 |

* TOTAL PORTFOLIO RETURNS NET OF FEES CHARGED
* EQUITY HOLDINGS RETURNS NOT NET OF FEES CHARGED

FISCAL YEAR ENDS 12/31

# Portfolio Valuation

## Semper Vic Partners (QP), L.P.

### June 30, 2014

| UNITS | SECURITY | PRICE | MARKET VALUE | UNIT COST | TOTAL COST | GAIN/LOSS | % OF ASSETS | ANNUAL INCOME | % YIELD |
|---|---|---|---|---|---|---|---|---|---|
| CASH AND EQUIVALENTS- usd | | | | | | | | | |
| | JP Morgan Account | | 34,018,470 | | 34,018,470 | | 1.5 | 0 | 0.0 |
| | Cash And Cash Equivalents | | 5,083,486 | | 5,083,486 | | 0.2 | 0 | 0.0 |
| | Dividends Accrued | | 3,312,700 | | 3,312,700 | | 0.1 | 0 | 0.0 |
| | | | 42,414,656 | | 42,414,656 | 0 | 1.9 | 0 | 0.0 |
| COMMON STOCKS- usd | | | | | | | | | |
| 1,260 | Berkshire Hathaway Inc Cl A | 189,900.50 | 239,274,630 | 115,693.04 | 145,773,231 | 93,501,399 | 10.7 | 0 | 0.0 |
| 3,019,000 | Nestle SA-Spons ADR | 77.47 | 233,880,722 | 50.02 | 151,023,195 | 82,857,527 | 10.4 | 6,120,286 | 2.6 |
| 2,178,000 | Philip Morris International Inc | 84.31 | 183,627,180 | 61.77 | 134,532,413 | 49,094,767 | 8.2 | 8,189,280 | 4.5 |
| 3,081,000 | Wells Fargo | 52.56 | 161,937,360 | 32.13 | 98,994,902 | 62,942,458 | 7.2 | 4,313,400 | 2.7 |
| 1,486,000 | Compagnie Financiere Richemont SA | 104.93 | 155,922,756 | 36.21 | 53,815,271 | 102,107,485 | 7.0 | 1,500,860 | 1.0 |
| 2,673,000 | SABMiller PLC | 57.93 | 154,845,242 | 32.86 | 87,846,517 | 66,998,725 | 6.9 | 2,726,460 | 1.8 |
| 2,040,000 | Mastercard Inc Cl A | 73.47 | 149,878,800 | 32.48 | 66,269,320 | 83,609,480 | 6.7 | 897,600 | 0.6 |
| 2,153,000 | Heineken Holding NV | 65.74 | 141,537,686 | 40.23 | 86,610,361 | 54,927,324 | 6.3 | 2,217,590 | 1.6 |
| 1,090,000 | Pernod Ricard | 120.07 | 130,881,185 | 92.44 | 100,756,119 | 30,125,066 | 5.8 | 1,689,500 | 1.3 |
| 1,039,000 | Anheuser-Busch InBev ADR | 114.94 | 119,422,660 | 68.58 | 71,258,990 | 48,163,670 | 5.3 | 2,411,207 | 2.0 |
| 2,673,000 | Unilever NV ADR | 43.76 | 116,970,480 | 33.51 | 89,565,703 | 27,404,777 | 5.2 | 3,365,842 | 2.9 |
| 1,732,000 | Altria Group Inc | 41.94 | 72,640,080 | 23.26 | 40,285,693 | 32,354,387 | 3.2 | 3,325,440 | 4.6 |
| 1,187,000 | British American Tobacco PLC | 59.47 | 70,588,801 | 38.60 | 45,820,042 | 24,768,758 | 3.2 | 2,825,060 | 4.0 |
| 696,250 | Brown-Forman Corp Cl A | 92.34 | 64,291,725 | 42.93 | 29,891,743 | 34,399,982 | 2.9 | 807,650 | 1.3 |
| 1,930,000 | Diageo PLC | 31.91 | 61,577,840 | 20.62 | 39,802,100 | 21,775,740 | 2.7 | 1,563,300 | 2.5 |
| 396,000 | Martin Marietta Materials | 132.05 | 52,291,800 | 86.53 | 34,264,848 | 18,026,952 | 2.3 | 633,600 | 1.2 |
| 890,000 | Comcast Corp Special Cl A | 53.33 | 47,463,700 | 21.10 | 18,780,218 | 28,683,482 | 2.1 | 801,000 | 1.7 |
| 271,000 | Scripps Networks Interactive Cl A | 81.14 | 21,988,940 | 42.58 | 11,540,064 | 10,448,876 | 1.0 | 216,800 | 1.0 |
| 21,650 | Graham Holdings Co | 718.11 | 15,547,082 | 613.35 | 13,279,027 | 2,268,054 | 0.7 | 220,830 | 1.4 |
| 36,029 | Berner Gruppen | 57.04 | 2,055,094 | 82.44 | 2,970,355 | (915,261) | 0.1 | 0 | 0.0 |
| 5,152 | NHST Media Group | 57.04 | 293,870 | 92.43 | 476,216 | (182,346) | 0.0 | 0 | 0.0 |
| | | | 2,196,917,633 | | 1,323,556,328 | 873,361,305 | 98.1 | 43,825,705 | 2.0 |
| TOTAL | | | 2,239,332,289 | | 1,365,970,984 | 873,361,305 | 100.0 | 43,825,705 | 2.0 |

# Portfolio Valuation
## Semper Vic Partners (QP), L.P.
### June 30, 2014

| UNITS | SECURITY | PRICE | MARKET VALUE | UNIT COST | TOTAL COST | GAIN/LOSS | % OF ASSETS | ANNUAL INCOME | % YIELD |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL ASSETS** | | | **2,239,332,289** | | **1,365,970,984** | **873,361,305** | **100.0** | **43,825,705** | **2.0** |