

CENTAUR VALUE FUND

OCTOBER 2012 REPORT

Dear Partners,

The Centaur Value Fund produced a return of -0.4% net to partners in October as compared to a -1.9% return for the S&P 500 index. The Fund's return information is shown in the table below:

	OCT	YTD 2012	SINCE INCEPTION
Centaur Value Fund – Gross Return	-0.4%	+6.3%	+336.3%
Centaur Value Fund – Net Return**	-0.4%	+6.3%	+256.6%
S&P500	-1.9%	+14.3%	+90.3%

The table above shows the performance of the Centaur Value Fund for various periods since the inception of the Fund on August 1, 2002. All CVF figures and S&P500 returns include the impact of dividends. The Gross Return includes the impact of the standard management fees and expenses, but does not include incentive-based fees. Monthly and year-to-date figures are estimates and un-audited. Inception to date figures incorporate audited results from prior years and un-audited results from the current year. See the section entitled "Important Notes" at the end of this letter for more information.

***The Centaur Value Fund Net Returns reflects the experience of an investor who came into the Fund on August 1, 2002, and did not add to or withdraw from the Fund through the end of the most recently reported period. The reported net return figure includes the impact of all performance-based fees as well as high water marks in the cumulative return. However, each investor's individual return will vary depending upon the timing of their investment, the effects of additions and withdrawals from their capital account, and each individual's high water mark, if any.*

October Update

Equity markets declined across the board in October, but given our defensive positioning CVF held up well. CVF returned -0.4% in October, and for the year-to-date through October 31st CVF has returned +6.3%. The Fund's largest individual short position fell back to earth during October (which contributed positively to the month's performance) and the Fund also enjoyed decent relative strength from our long portfolio during the month. The following shows the October performance of CVF and the major indices:

CVF	-0.4%
S&P500	-1.9%
Russell 2000	-2.2%
NASDAQ	-4.5%

Plenty of Dry Powder

The combination of the presidential election, Hurricane Sandy, the prospect of the "fiscal cliff" and likely tax increases, continued drama in Europe, and the escalation of violence in the Middle East has produced plenty of scary headlines as we head into year-end. Given that we have been a bit too conservatively positioned for most of 2012, a meaningful market pull-back will not be an entirely unwelcome development for us.

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CVF entered November with roughly 65% market exposure and had cash on hand equal to nearly 35% of the Fund's assets, so we have plenty of dry powder ready to deploy into attractive investment opportunities if we can identify them.

We have been reticent in deploying capital aggressively this year due to our sense that the markets had not yet offered us an environment in which bargains were abundantly available and clearly visible risks were adequately priced in. We plan to be ready to fully exploit that environment if it comes. Thus far in early November, the markets have continued to decline modestly and we are beginning to see prices that interest us on a number of long ideas. We are hopeful that we will be able to deploy our capital more fully into this weakness and thereby create the foundation for satisfactory future performance.

As always, we appreciate your continued investment in the Centaur Value Fund.

Respectfully yours,



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IMPORTANT NOTES

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An investment in the Fund (“CVF”) involves a significant degree of risk, and there can be no assurance that its investment objectives will be achieved or that its investments will be profitable. Certain of the performance information presented in this report are unaudited estimates based upon the information available to Centaur as of the date hereof, and are subject to subsequent revision as a result of the CVF’s audit. The performance results of CVF include the reinvestment of dividends and other earnings. Past performance is not necessarily a reliable indicator of future performance of CVF. An investment in CVF is subject to a wide variety of risks and considerations as detailed in the confidential memorandum of CVF.

References to the S&P 500 and other indices herein are for informational and general comparative purposes only. Index returns are estimated using information believed to be reliable, but may not reflect actual investor experiences. There are significant differences between such indices and the investment program of CVF. CVF does not invest in all or necessarily any significant portion of the securities, industries or strategies represented by such indices. References to indices do not suggest that CVF will or is likely to achieve returns, volatility or other results similar to such indices.

This presentation and the accompanying discussion include forward-looking statements. All statements that are not historical facts are forward-looking statements, including any statements that relate to future market conditions, results, operations, strategies or other future conditions or developments and any statements regarding objectives, opportunities, positioning or prospects. Forward-looking statements are necessarily based upon speculation, expectations, estimates and assumptions that are inherently unreliable and subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are not a promise or guaranty about future events.

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