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Q1 - 2013 Letter to Investors

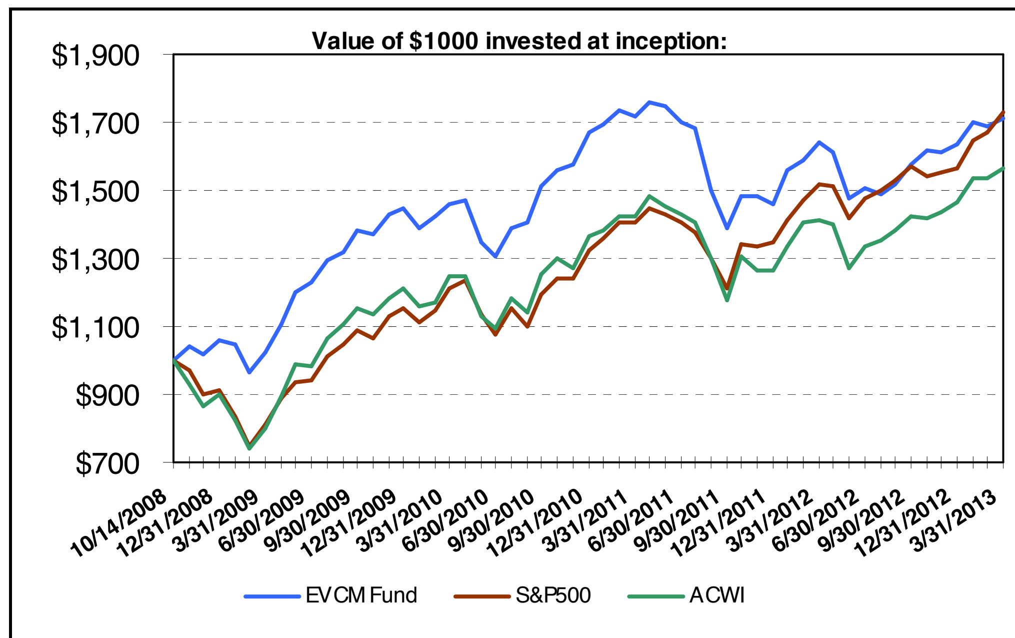
Dear Partners and Shareholders,

For the first quarter of 2013, EVCM fund returned an estimated +4.5% net to investors. Stock markets were up with the S&P500 up 10.6% and the ACWI up 6.5%.

Fund Performance (Net to Investors):					
		March 2013	Q1 - 2013		Since Inception (10/15/2008)
EVCM – Net to Investors		**+1.3%**	**+4.5%**		**+70.9%**
S&P500		**+3.8%**	**+10.6%**		**+73.1%**
MSCI All Country World Index Net		**+1.8%**	**+6.5%**		**+66.3%**

** The results reported are unaudited estimates and may be subject to change.*
** Individual investor net returns will vary due to the timing of one's investment.*

Since inception (10/15/2008), EVCM Fund returned an estimated +70.9% (net to investors). During this same time period, the S&P500 returned approximately +73.1%, and the MSCI All Country World Index Net (ACWI) returned approximately +66.3%.



Overview:
Stock markets continued to increase in the first quarter of 2013. The US markets led the charge forward as investors realized that among the major developed economies (US, Europe, Japan) the US is the best house in a bad neighborhood. EVCM fund lagged the market indexes due to our defensive positioning. We continue to hold cash, bonds, high quality stocks, and some shorts and hedges, all of which held back our performance. In return, they will protect our capital when markets decline. We are already enjoying this protection as stock markets decline in April.

While we do not think stock markets in aggregate are cheap, we do think our portfolio contains a collection of excellent businesses trading at cheap prices. We have been increasing our net exposure as we continue to find compelling investment opportunities despite the rising stock markets. Our portfolio companies continue to grow their intrinsic values and improve their business positioning. Therefore, strong returns for our portfolio cannot be far away and should once again place us way ahead of the markets. There should be positive catalyst for many of our investments over the next year and we remain very excited about our portfolio.

EVCM Fund Investments:
We have completed a careful and detailed review of all of our portfolio investments and will devote the rest of this letter to a review of some of our investment positions.

TARP Warrants:
During the financial crisis of 2008, several large US companies experienced severe financial distress and came close to collapsing. Deemed "too big to fail" by the U.S. Department of the Treasury, they received a financial bail-out. The Troubled Asset Relief Program (TARP) was created for this purpose. In return for their bailouts, the rescued companies were required to issue a combination of common shares, preferred shares, and long-dated warrants to the Department of the Treasury. These warrants are known as "TARP warrants" and many of them now trade on the public markets.

The large US banks, AIG, and GM all have outstanding one or more series of publicly traded TARP warrants. In addition to low cost, non-recourse leverage, these TARP warrants provide downside protection when compared to buying the underlying stocks directly. Counter to popular belief, most warrants are not a good way to express extra strong bullishness on an underlying stock. Rather, they are a way to express cautious bullishness. When buying a warrant, we are essentially buying both the stock and also an embedded put option in case our bullish thesis does not work out as planned. The key question when purchasing a warrant is: "How much extra (vs. directly buying the stock) are we paying for this embedded Put option?"

We carefully analyzed each of the TARP Warrants and have chosen to invest in several of those that trade very cheaply. Please send us an e-mail if you would like to receive a copy of our detailed analysis.

Basket of large cap US Banks
The specific details for each bank that we own is different, yet the underlying thesis is mostly the same. The large cap banks in the US were all severely hurt in the financial crisis of 2008. Since then they have been working to repair their businesses, reduce risks, simplify operations, and restructure bad loans. The banks have undergone intense regulatory scrutiny and are on a trajectory towards recovery. We think that the probability of another banking meltdown at this point in the cycle is low. Furthermore, the banks are direct beneficiaries of the ongoing economic recovery in general and the recovery in the real estate markets in particular. The US banks are still under earning relative to their normalized earnings power and still trade well below where they should once they have fully recovered. We made a nice profit in each of our US bank investments and think that there is still much more upside potential for the remainder of 2013.

Otzar Hityashvut:
Otzar Hityashvut is an Israeli holding company. Their main asset is a 5% stake in Bank Leumi which is Israel's second largest bank. Otzar, with no debt, trades for about 60% of its net asset value. Bank Leumi itself is very cheap, trading for about 70% of book value. So roughly speaking, by buying Otzar, we are able to indirectly invest in Bank Leumi at about 42% of book value.

At some point in the future Bank Leumi will trade at book value (or higher) and Otzar will trade at 80% of its net asset value (or higher). Such a scenario (which has happened many times in the past) will result in 90% profit from current prices. We collect a nice dividend while we wait.

Nitsba Real Estate
Nitsba Real Estate is a well managed REIT that owns top quality real-estate assets in Israel. In addition to commercial, residential, and office properties, Nitsba owns many of the main bus terminal centers in Israel. Central bus terminals are exceptionally high quality real estate assets. With the Israeli bus companies as their main tenants, non payment of rents is highly unlikely. Furthermore, retail shops operating in the bus terminals benefit from the large foot traffic of the many bus passengers. These dynamics enable Nitsba to charge retailers high rents.

Nitsba's share price has increased significantly since we invested, yet it still trades for a little over half of its net asset value. We also like that the company is under levered and is able to redeploy its net rental income into high return development and expansion projects. We believe that in a few years Nitsba will complete its large development projects and will start paying dividends. When that happens, Nitsba is likely to trade at a premium to its NAV, thus generating well over 100% return from today's stock price.

Monument Mining:
Monument Mining (MMY CN) owns and operates the low cost Selinsing gold mine in Malaysia. Currently producing over 44K ounces of gold per year, Monument is ramping up production to 80K ounces over the next year. The company has extremely low cash production costs enabling it to generate an astonishing $40M of free cash flow every year. Monument currently trades for about 2X free cash flow. Cheap, debt free, rapidly growing, and gushing free cash flow – Monument Mining is an attractive investment within the usually speculative small cap mining space.

Monument Mining recently purchased the Mengapur gold project (also in Malaysia). While we were very unhappy about the share dilution to finance this acquisition, we do think the Mengapur project itself is a very good acquisition for the company.

Assuming the company can ramp up production to 70K - 80K ounces of gold per year, it could generate $70M of free cash flow in 2013 or 2014. Assigning a conservative 8X multiple would get us to $480M in Enterprise Value. That is about 5X the current market cap of the company and still conservatively assigns zero value to the Mengapur gold project. If we get a little lucky and the Mengapur gold project works out roughly as well as management projects, then Monument could be the most profitable investment we have ever made.

LG Household & Healthcare Preferred Shares
LG Household & Health Care (LG H&H) manufactures and distributes cosmetics, household & personal goods and Coca-Cola beverages in South Korea. It has a leading market share in all 3 business segments. The company was spun off from LG Chemical (now LG Corp) in 2001 and has since been focused on western style brand management and shareholder value creation. LG H&H management is well regarded and shareholder friendly. Over the years the company

has allocated capital wisely by investing in its core businesses, repurchasing shares and completing multiple value creating acquisitions.

We invested in LG H&H through their preferred shares. The preferred shares are required to pay a higher dividend than the common shares and, based on our research, are not materially inferior to the common shares. Yet when we invested, the preferred shares traded for only 20% of the price of the common shares. Over the years the price discount of the preferred shares (verses the price of the common shares) has ranged from a 25% discount up to an 80% discount (where we invested). Today the discount is about 70% and remains excessive. Based on the price of the preferred shares, LG H&H trades for about 10 times earnings, a cheap price for an excellent, well managed business with significant growth prospects.

Based on our experience and research with LG H&H, we have purchased several other attractively priced Preferred Shares in South Korea.

Short USO:

United States Oil Fund (USO) is an ETF that is supposed to track the price of a barrel of oil. Because it uses future contracts to gain exposure to the price of oil, USO suffers from "Roll Decay" which makes it consistently lose value over time. As expected, USO once again underperformed the price of oil in Q1-2103, increasing 4.14% while the WTI oil price increased 5.89%. We remain short USO, both directly and using options.

Pulse Seismic:

Pulse Seismic owns and licenses a database of 2D and 3D seismic data for the energy sector in western Canada. Seismic data is used by oil and natural gas exploration and development companies to identify portions of geological formations that have the potential to hold hydrocarbons. Seismic data never expires so it can be sold and resold for decades.

With only 30 employees, Pulse generated 2012 revenues of 86.4M CAD and free cash flow of about 50M CAD. Admittedly this includes a large one time license sale which will not recur every year. Even excluding large sales, we expect Pulse to generate $25M of free cash flow per year. For reference, Pulse's market cap is 193M CAD which means Pulse is cheap.

What is truly amazing is that these 2012 results were achieved at a time when natural gas prices are at an extreme low. I believe that pulse is now operating at close to the bottom of the cycle. There are strong indications that Pulse could generate 50M – 80M of annual free cash flow at more favorable points of the business cycle, which would probably result in the stock price doubling from here. As a "check" on this valuation estimate, I note that Pulse shareholders rejected a $3.30 / share buyout offer in 2007 (and this was before the Divestco acquisition which doubled the company value).

AIG

AIG is one of the world's largest multi-line insurance companies. It came close to bankruptcy in the 2008 financial crisis due to its insurance bets on subprime mortgage loans and credit default swaps. AIG was saved in the last minute by a US government bailout.

Today AIG is a very different company. Since 2008, AIG has focused on reducing risks, selling non-core assets, eliminating its complex derivative exposure, and paying back the US government. AIG is now well managed and conservatively run. It has a leading position in both property & casualty insurance (Chartis) and US life & retirement (Sun America). It has paid back the government in full and is focused on unlocking shareholder value by increasing its ROE to double digit levels.

Yet AIG still trades for about half of its book value. We think that in a few years AIG could trade at book value, and that book value will be higher, thus generating a total return well above 100% from today's prices. Some investors have chosen to invest in AIG via its TARP Warrants. After carefully analyzing these Warrants and the risk-reward balance that they offer, we have concluded that they are overpriced and have therefore decided to directly purchase AIG's common stock instead. Please send us an e-mail if you would like to receive a copy of our detailed analysis.

Howard Hughes Corp (HHC)

HHC was spun out of General Growth Properties (GGP) as a vehicle to hold the developmental assets of GGP. While we normally avoid property developers since they hold assets that do not generate cash flows, we made an exception with HHC for the following reasons:

1. HHC owns unique and very valuable development assets in key markets (Hawaii, NYC, Las Vegas).
2. We purchased HHC at a large discount to its NAV, where the NAV was based on historical purchase cost of assets that were purchased well before the real estate bubble.
3. HHC owns valuable assets that were recorded on its books at a value of zero (and were thus free options for us).
4. HHC is led by a highly regarded management team that used their own money to purchase options to buy the company stock at prices that were much higher than those that we paid.
5. Bill Ackman, an investor that we highly respect, is the chairman of HHC.
6. HHC is underleveraged and conservatively managed.

HHC performed very well in 2012 and Q1-2013, yet still has large upside potential as its developmental projects continue to progress and will, in time, become highly valuable cash flow generating properties.

Conclusions:
We continue to follow our disciplined global value investing process that has worked over many years and we are certain that we own an exceptionally attractive portfolio of investments from around the world. Value investing has been a difficult investing strategy in the strongly rising markets of the past few years. Still, we are certain that we will continue to outperform over a full market cycle and that stock markets will soon recognize and reward the intrinsic business values of the companies we own.

Thank you, our investors and shareholders, for your continued trust and support of EVCM fund. I have the majority of my net worth invested along side you in EVCM fund and I continue to work tirelessly to protect and grow our capital. Please don't hesitate to call with any questions, thoughts or comments. I am always happy to speak with partners and potential new partners.

Sincerely Yours,
Ori Eyal
Managing Partner

Disclosure:
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An investment in the Fund may be deemed speculative and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Fund. The Fund is designed for investors who do not require regular current income and who can accept a certain degree of risk in their investments. Prospective investors should carefully consider the risk factors specified in the Offering Memorandum before making a decision to invest in the Fund.