

Sabre Value Fund

02/08/12

Dear Sabre Value Fund Investors:

The Sabre Value Fund was up 8.3% for the month of January. The S&P 500 was up 4.5% on a total return basis for the month. (Please remember that the Sabre Value Fund is below its high water mark, so that for most investors, the gross number is the same as the net.)

Telular Shines Again, Raises Guidance Again

In January, Telular (NASDAQ: WRLS) announced stellar results and raised guidance again. Management is just executing on all levels. Just eighteen months ago, WRLS was \$3 per share. Since then, the company has paid out \$1.60 in dividends and is now \$8.25 per share and is still cheap. I believe that management is being conservative with their guidance and that the company is worth at least \$11 per share. Consider that the company should earn over \$0.90 per share in cash earnings this year, is growing over 40% this year and pays over a 5% dividend. And yet, you can buy it for nine times earnings. Telular continues to be the gift that keeps giving. Sit back, enjoy the dividends and wait for more investors to recognize the value.

Last Monthly Update for the Sabre Value Fund

I'm a little sad to say that this will be the last update for the Sabre Value Fund. As many of you know, since 2009 more and more of my time has been diverted to investing in single-family homes. My company, The American Home Real Estate Company has almost 300 homes and \$24 million invested in single-family homes. Last year, I made the decision to make it my primary focus. The investment opportunity was just too great in the single-family home space. On a risk-adjusted basis, I believe it is the equivalent of a twenty-dollar bill lying on the ground, waiting to be picked up.

My average acquisition cost is \$29 a square foot in good safe neighborhoods for homes that need cosmetic repairs. Starting in July, I will be able to pay investors an 8% annualized dividend after all fees and without the use of leverage. The American Home Real Estate Company now has twenty employees, which includes The American Home Property Management Company. This is more than a full time job and the opportunity is to build The American Home into a company that owns and manages thousands of homes for investors.

We only have three remaining positions in the hedge fund and have wound down most of the fund. We will be looking to slowly return the money to investors as these final positions work out, and we plan to be patient to see it through. If you have any questions about any of the positions send me an email or give me a call.

Summary

It has been an honor to be entrusted with investors' money to invest in the stock market. I thank everyone for the opportunity to try to be a good steward of your capital.

I have been passionate about investments and the stock market since I was 10 years old. There is only one possible thing that could pull me away from something I have read, researched and worked on for 27 years and that is the investment opportunity of a lifetime. I believe I've found it. Please note my new email address below.

Sincerely,

If you have any questions or comments feel free to respond via email or by calling me at 805-569-3700.

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