



Spitfire is a value-oriented investor in publicly-traded, smaller capitalization companies. We invest in market share leading businesses which generate excess cash, possess substantial financial flexibility and demonstrate increasing intrinsic value. Our investments offer the potential for significant upside over a one to three year holding period while benefitting from a substantial margin of safety. Most of our targets are underfollowed by sell side analysts and institutional investors and are often attractive acquisition candidates. Since inception, thirteen companies, representing approximately 25% of our investments, have been acquired by strategic or financial buyers.

CURRENT MONTH PERFORMANCE

In March, The Spitfire Fund L.P. was up +2.4% (net), which compares with the Russell 2000 and S&P 500 which were up +4.6% and +3.8%, respectively. Year to date, the Fund is up +7.6%, versus the Russell 2000 and S&P 500 which are up +12.4% and +10.6%, respectively. Since inception, the Fund is up +93.2% (net), ahead of the Russell 2000 and S&P 500 which are up +23.6% and +18.0%, respectively. Our healthcare services investments performed well during the month, as did other core positions, including Libbey (NYSE: LBY), which was up over 5%. Most of our companies report earnings relatively late in the season and are not widely followed, which can lead to greater volatility. We have been holding a greater than normal amount of cash in the Fund in anticipation of better entry points, which may have arrived with the recent market downdraft.

HISTORICAL PERFORMANCE METRICS, NET (UNAUDITED)

through 03/31/13

	The Spitfire Fund, L.P.	Russell 2000	S&P 500
Last 3 Months Return	7.6%	12.4%	10.6%
Last 12 Months Return	24.2%	16.3%	14.0%
Last 36 Months Return	87.3%	46.0%	43.0%
Last 60 Months Return	149.5%	48.4%	32.1%
Cumulative return since inception ¹	93.2%	23.6%	18.0%
Fund outperformance versus index ¹	-	69.7%	75.3%
Compound annual rate of return ¹	12.1%	3.7%	2.9%
% of Months where Fund beats index ¹	-	55.1%	59.4%
% of Months Positive ¹	69.6%	60.9%	60.9%

(1) Metrics based on net performance from 7/1/2007 through 3/31/2013.

RISK STATISTICS²

through 03/31/13

	The Spitfire Fund, L.P.	Russell 2000	S&P 500
Beta	0.6	1.1	1.0
Annualized Sharpe Ratio	3.9	0.9	0.8
Volatility	7.0%	13.1%	10.9%
Correlation Coefficient	0.8	0.9	1.0

(2) Metrics based on monthly performance over the trailing twelve month period relative to the S&P 500, as calculated by Bloomberg LP (SPITFIR US).

HISTORICAL PERFORMANCE, NET (UNAUDITED)

through 03/31/13

	2008	2009	2010	2011	2012	2013	Indexed Performance Since Inception	
January	(11.7%)	4.8%	(1.8%)	(2.5%)	4.3%	3.4%		
February	1.1%	(6.1%)	1.5%	4.6%	3.4%	1.6%		
March	(4.3%)	1.3%	7.2%	2.8%	5.4%	2.4%		
April	2.5%	11.6%	4.2%	2.0%	2.0%			
May	9.1%	15.4%	(2.2%)	0.3%	(2.2%)			
June	(6.2%)	4.4%	2.2%	0.4%	4.6%			
July	(3.8%)	6.6%	3.7%	(2.6%)	(1.1%)			
August	8.1%	2.7%	(4.5%)	(7.4%)	3.4%			
September	(5.8%)	3.9%	3.0%	(8.0%)	3.3%			
October	(23.7%)	0.9%	5.3%	12.2%	1.1%			
November	(12.0%)	5.0%	3.4%	(0.3%)	1.2%			
December	2.9%	9.2%	10.6%	3.6%	2.4%			
Spitfire	(39.4%)	75.6%	36.6%	3.6%	31.4%	7.6%		
Russell 2000	(33.9%)	27.1%	26.9%	(4.2%)	16.3%	12.4%		

Performance is unaudited and net of fees and expenses. Indices assume dividend reinvestment.

PORTFOLIO MANAGER'S BIOGRAPHY

Julian Allen (julian@spitfirecap.com)

Julian has over 16 years' professional hedge fund and private equity investing experience. Before starting Spitfire, Julian was a Member of Cannell Capital LLC, a San Francisco-based hedge fund, where he invested in neglected small capitalization equities. Previously, Julian was a Managing Director of J.H. Whitney & Co. LLC, a private equity investor with over \$5 billion under management. Julian started investing at Patricof & Co. Ventures, Inc., now Apax Partners, and was a founding Principal of Capital Z Partners. Julian holds an MBA with High Distinction from the Harvard Business School, where he graduated as a George F. Baker Scholar, and a B.A.(Hons) from Cambridge University.

ADMINISTRATIVE

Prime Broker	UBS Securities LLC	Fund Administrator	Strata Fund Services LLC
Auditor	KPMG LLP	Legal	Cole-Frieman LLP & Morrison Cohen LLP