



DESCRIPTION OF STRATEGY

We are value-oriented investors in publicly-traded, smaller capitalization companies. We invest in niche market share leading businesses which generate excess cash, possess substantial financial flexibility and demonstrate improving financial metrics. 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 trade at discount to intrinsic value and are underfollowed by sell side analysts and institutional investors. Our companies are often attractive acquisition candidates. Since inception, twelve 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 +6.7% (gross) and +5.4% (net), which compares with the Russell 2000 and S&P 500 which were up +2.6% and +3.3%, respectively. Year to date, the Fund is up +17.2% (gross) and +13.8% (net), which compares with the Russell 2000 and S&P 500 which are up +12.4% and +12.6%, respectively. During the month, our gains were broad based and included US Physical Therapy, Inc. (Nasdaq: USPH), up +21% on strong earnings, Jarden Corp. (NYSE: JAH), up +14% after completing a \$435 million modified Dutch tender offer, and DDi Corp. (Nasdaq: DDIC), up 12%. On April 4th, DDIC was acquired by Viasystems Group, Inc. (Nasdaq: VIAS) for \$13 per share in cash. The Fund invested in DDIC in 2007. The transaction is the twelfth acquisition of a portfolio company and provides the Fund with a 1.5x return and 15% IRR.

HISTORICAL PERFORMANCE METRICS, NET (UNAUDITED)

through 03/31/12

	The Spitfire Fund, L.P.	Russell 2000	S&P 500
Last 3 Months Return	13.8%	12.4%	12.6%
Last 6 Months Return	31.9%	29.8%	25.9%
Last 12 Months Return	12.4%	(0.2%)	8.5%
Last 36 Months Return	184.1%	104.2%	87.2%
Cumulative return since inception ¹	55.5%	6.2%	3.5%
Fund outperformance versus index ¹	-	49.3%	52.0%
Compound annual rate of return ¹	9.7%	1.3%	0.7%
% of Months where Fund beats index ¹	-	54.4%	56.1%
% of Months Positive ¹	64.9%	59.6%	57.9%

(1) Metrics based on net performance from 7/1/2007 through 3/31/2012.

RISK STATISTICS²

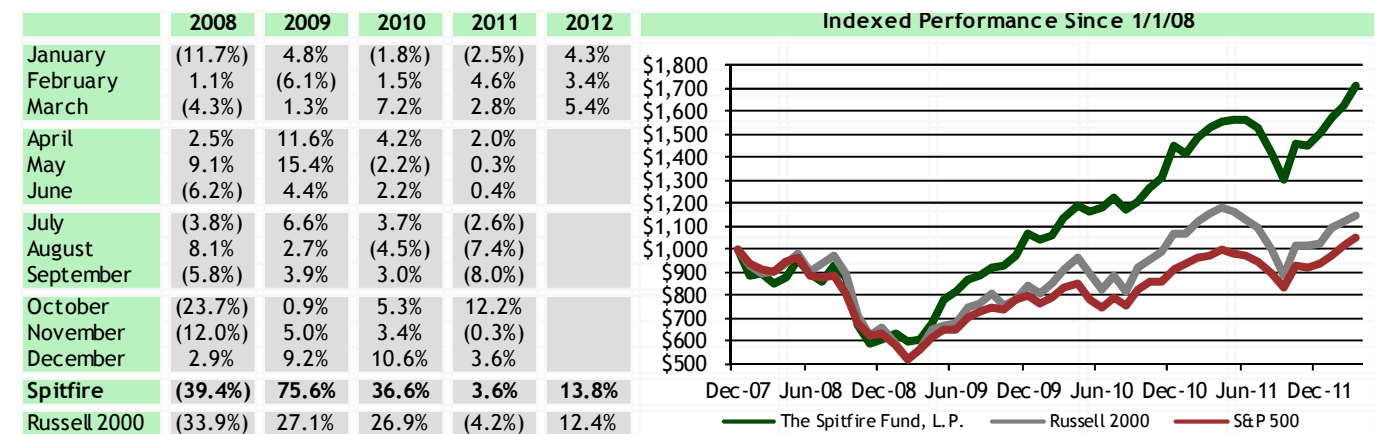
through 03/31/12

	The Spitfire Fund, L.P.	Russell 2000	S&P 500
Beta	1.1	1.4	1.0
Annualized Sharpe Ratio	0.9	-0.1	0.1
Volatility	19.9%	24.7%	17.2%
Correlation Coefficient	1.0	1.0	1.0

(2) Metrics based on monthly performance over the trailing twelve month period, as calculated by Bloomberg LP (SPITFIR US).

HISTORICAL PERFORMANCE, NET (UNAUDITED)

through 03/31/12



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

PORTFOLIO MANAGER'S BIOGRAPHY

Julian Allen (julian@spitfirecap.com)

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 General Partner and Managing Director of J.H. Whitney & Co., a middle market private equity investor with over \$5 billion under management. Julian started investing in 1995 at Patricof & Co. Ventures, Inc., now Apax Partners, and was 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, England.

ADMINISTRATIVE

Prime Broker	UBS Securities LLC	Fund Administrator	Strata Fund Services LLC
Auditor	KPMG LLP	Legal	Morrison Cohen LLP