



Tenderlist Update/My Lumps (January 2018)

Tenderlist returned 0.4% in December* against a 1.1% gain for the S&P 500. For the year, the average return was 9.1% against a 21.7% for the S&P 500.

This marked the first year Tenderlist trailed the S&P 500, and by far our leanest year to date. Our returns are driven by the quantity and spreads of the deals we are offered. For the first 10 months of the year, we had very little to work with. There were a number of odd-lot tender offers, but we were earning small amounts-well under \$30 per deal on nearly all of them.

Historically the bulk of our returns have come in lumps (43 months elapsed so far):

Monthly return	10% plus	5-10%	2-5%	Under 2%	TOTAL
# of months	4	4	10	25	43
% of cumulative returns	47%	24%	25%	4%	100%

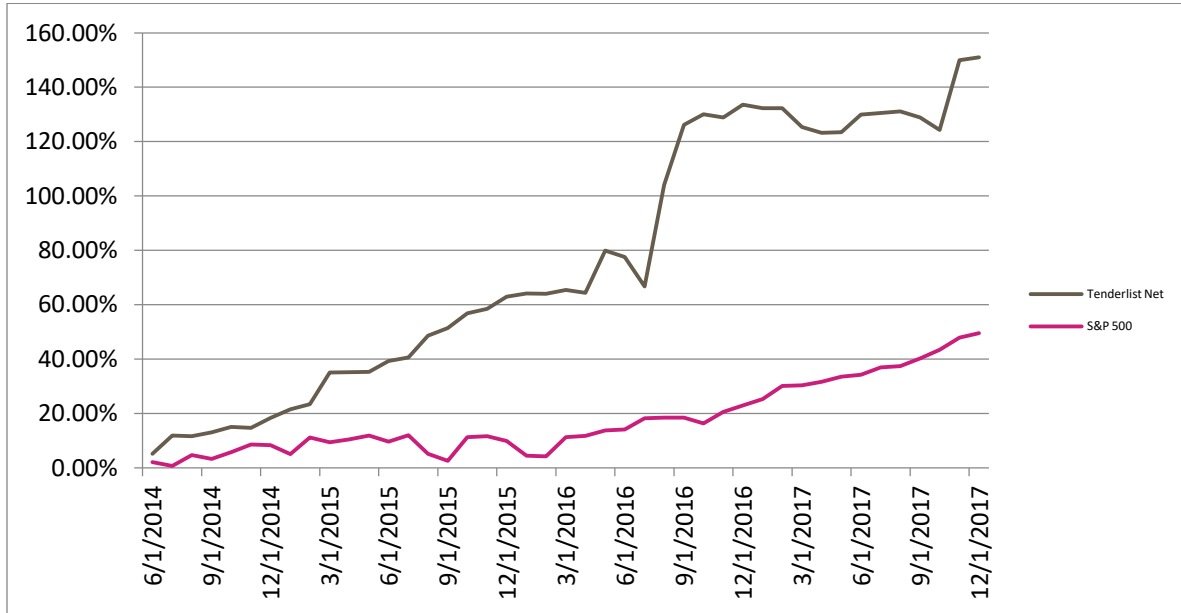
Some key takeaways:

- Nearly half (47%) of our returns have come in a mere 4 unique months!
- 71% of our returns came in 8 months, or less than 20% of the time.
- 96% of our returns came in 42% of the months we've been operating.

Market studies have shown that investors who attempt to time the market, and who thus miss a handful of the best market days over a long-time period, see seriously impaired results. A study found that if an investor had missed the 10 best days over a 20 year period ending in 2013, they would have earned 5.4% versus 9.2% had they remained fully invested during the entire 20 years. Notably, the study did not show how an investor would have fared had they missed the 10 worst days: I suspect the difference would have been more dramatic given that markets fall faster than they rise! Good to keep in mind given that the S&P 500 has returned 28.8% since Halloween 2016, good for an average *monthly* return of 1.82%. Caveat Emptor!

I digress. Tenderlist is far lumpier than the market, but with a 151% total return over 43 months, we've compounded at 29% since we started. Thus far it has been well worth it to wait for the lumps. One Tenderlist client elected to move on after our lean 2017, but to the credit of Tenderlist clients overall, that's only 1 account out of 54.

In terms of deal flow, there are 2 exchange offers planned for the first half of the year, one hopefully this quarter. We're presently in cash and waiting patiently.



	Tenderlist Historical Returns*			
	2017	2016	2015	5/31-12/31/14
\$5k Account	9.7%	42.5%	38.1%	18.7%
\$10k Account	8.2%	34.1%	24.2%	N/A
S&P 500	21.8%	12.0%	1.4%	8.3%

TenderList is an investment strategy focused on corporate tender offers and special situations. The strategy is non-scalable and is ideal for accounts of \$5,000-\$15,000.

About us

Harper Asset Management, LLC, is a boutique investment management shop. We specialize in managing separate accounts for private clients.

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*Average return across all TL accounts, net of fees. Past performance is no guarantee of future results. Such transactions are irregular by nature and results in any one period will vary significantly. Individual results vary. Cumulative returns are calculated from the monthly time-weighted return of the sum of all Tenderlist accounts open during the entire month. Due to the non-scalable nature of Tenderlist, returns will diminish as account size increases.