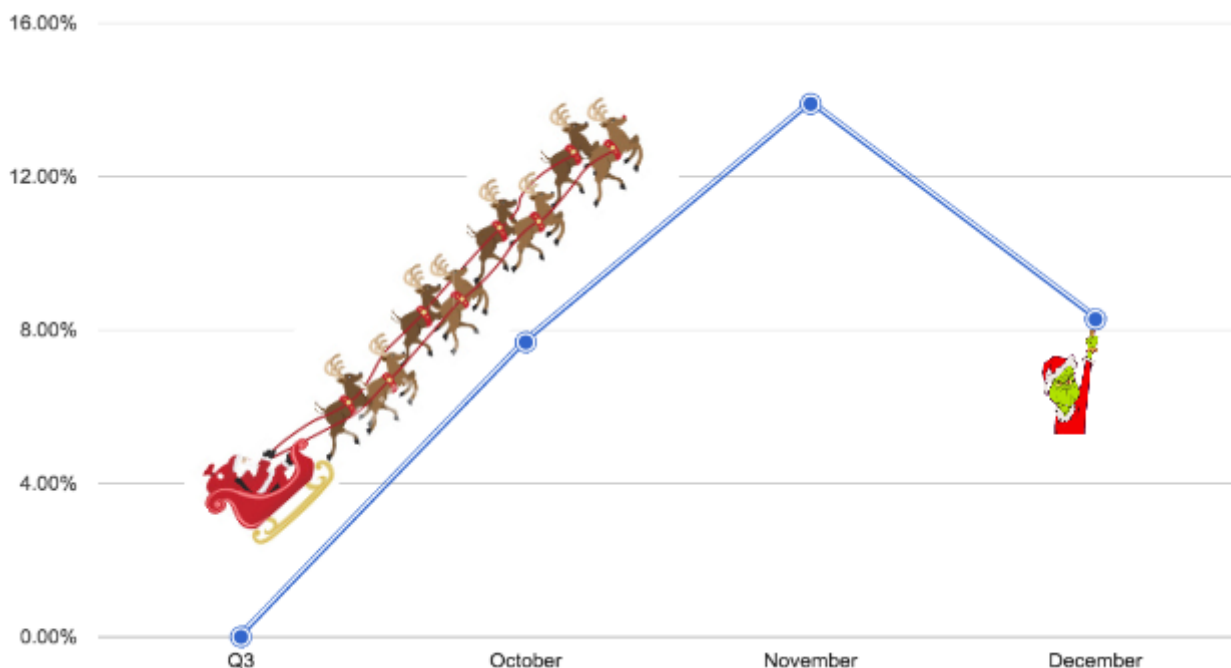


Dear Partners:

The S&P 500 Index returned 4.9% during the fourth quarter, for a full year return of 13.7%. By comparison, the Fund returned 7.9% in the latest quarter, bringing our total returns for the eight months since inception of the Fund to 21.6%, net of fees and expenses. However, not even our portfolio was completely immune from the Grinch's downward pull - most notably the result of rapidly falling oil prices throughout the quarter.



The following three investments were of particular note during the fourth quarter:

- Our Rising Star:** When we first wrote about Entravision (EVC) in Q3's partnership letter, we were eager to share the thesis underlying our investment in the Spanish-language media company. Despite finishing Q3 below our cost basis, in Q4 investors began focusing on the upcoming FCC spectrum auctions and the elevated valuations that may result. Better yet, this new-found attention was quickly reflected in a stock price gain in the quarter of ~63%.

We continue to believe EVC's assets are geographically important and considerably more valuable (yes, still) than commonly recognized. Ultimately, spectrum is a finite resource with an almost infinite demand - vital in everything from TV & radio to cell phones, remote controls, and countless other uses. Accordingly, we continue to hold this investment (despite the recent price increase), and expect the upcoming FCC auction of television spectrum to provide a favorable catalyst in unlocking hidden value within EVC's various broadcasting assets.

- Our Falling Star:** A recent spin-off from Oil States International, Civeo Corp. (CVEO) is in the business of providing infrastructure and accommodations in remote and resource-rich areas of the world. In addition to

the spin-off, large investors were also advocating for CVEO to adopt the corporate structure beloved by income hungry investors everywhere: Real Estate Investment Trusts (REITs).¹

However, CVEO's management soon ruined the REIT party when they disclosed their view that such a conversion would be a value *destroyer*, and instead announced their intention to redomicile the company to Canada.² Unimpressed shareholders voted with their feet, and quickly sent shares ~50% lower in just one trading day (on this news alone). Shortly thereafter, we began our painful (and expensive!) courtship with CVEO.

At first glance, CVEO seemed to be an almost obvious example of the classic over-reaction that often results from a sudden reversal of consensus and a displeased Mr. Market. Given the severity and immediacy of the decline, we began investigating CVEO, and soon concluded that declining commodity prices were likely a far more threatening risk than disagreements on optimal corporate structures (i.e., REIT conversion). Despite the real possibility of looming clouds in commodity prices, our thesis was simply that CVEO's real estate (both developed and undeveloped) was well positioned for all but the very worst storms.

Simply put, the honeymoon was short-lived and our thesis (at least in the near term) quickly proved wrong when storm season arrived in full force. While we certainly did not expect CVEO to be completely immune from falling commodity prices, we simply did not foresee either the accelerated blood-bath³ that would impact commodity prices (notably oil) and the direct link it would have on CVEO's share price in the near term. With a loss of nearly 34% on our CVEO investment, we opted to seek shelter and fully exited our position just before year-end.

Proving that luck is sometimes more lucrative than smarts, the bad news since our exit has continued unabated: 1) CVEO management has now suspended the dividend to preserve the balance sheet, 2) activist investor (and board member) Jana Partners surprised nearly everyone by abandoning their board seats and unexpectedly liquidating their *entire* position at a loss, 3) commodity and oil prices have continued their downward descent, and 4) CVEO's stock has fallen an *additional 60%* since we ran for shelter and sold our position!⁴

Found among all the bad news - of course - is the newly-formed consensus that low oil prices are the new norm. Unfortunately, consensus are rarely worth the paper they are printed on, and the carnage at CVEO is almost certainly overdone at this point. Thus, should we return for a future dance with CVEO,⁵ it will be with Ben Franklin's observation in mind: "If everyone is thinking alike, then no one is thinking."

In the meantime, the Fund will be able to harvest CVEO's short-term losses to offset (realized) short-term gains within the portfolio.

¹ REITs are companies that own (or finance) income-producing real estate. Perhaps more importantly, REITs are required to pay out at least 90% of their taxable income in the form of dividends to shareholders - a feature known to induce prolific drooling among yield-hungry investors starved by the Fed's ongoing decision to hold interest rates at historic lows.

² As of 9/30/2014, revenues from Canadian operations accounted for ~70% of consolidated revenues.

³ Not only has the price of oil halved in the past six months, but natural gas is the cheapest it has been in a decade. Coal prices have also been decimated (affecting CVEO's Australian operations).

⁴ as of this writing

⁵ Any addition of CVEO to the portfolio would happen only after tax consideration (ie wash-sale rules) are solidly behind us.

- **Our Meteorite:** According to Wikipedia, the only falling stars to be classified as meteorites are those stars that survive an impact with the Earth's surface. Even then, not all meteorites are created equal: some land on Earth's surface with nothing more notable than a big thud, while other landings can be simply catastrophic - just ask the dinosaurs!⁶

In the world of investments, few landings are more costly for shareholders than a corporate bankruptcy. Perhaps even worse than a normal / expected bankruptcy, is the type of truly unexpected bankruptcy announcement experienced by shareholders of GT Advanced Technologies (GTAT) on the morning of October 6, 2014. As is often the case with a crash landing like GTAT's, existing shareholders lost almost all of their investment within seconds, as GTAT nose-dived from a preannouncement close of \$11.05 the day before, to a close of just \$0.80 the day of the announcement.

Fortunately, we were not shareholders when this meteorite crashed. Better yet, we had previously invested / researched⁷ GTAT due to a large investment made by Apple, and GTAT's rumored role as a supplier of sapphire screens for future iPhones. Thus, we briefly put our previous homework to use, entering the resulting chaos on the day after the announcement, and later exiting the position entirely with a return of 60.5% on invested capital.

Ultimately, history will determine whether GTAT's management were victims, crooks,⁸ fools, or some terrible combination thereof. In the meantime, the bankruptcy courts will work out who gets the remaining scraps of a company with the type of technology (advanced sapphire production) that once seemed so promising.

Either way, GTAT contributed just over 55% of the total *realized* gains for the fund in 2014.

In Closing

We have finally settled on a name for our management company: RLT Capital, LLC. As shorthand for "road less traveled," RLT seems a fitting nod to the journey preceding this Fund, and an appropriate reminder of the mindset that will lead to years of successful future journeys.

We currently have released a very basic website at rltcapital.com, and intend to further expand into sharing additional partnership letters, company analysis, and anything else that may be relevant but beyond the scope of a quarterly letter. That said, this development is mainly cosmetic and only affects the name of the investment manager for the Fund.

As always, thank you for entrusting us with your investment.

Please feel free to email me at stephen@rltcapital.com or call at (415) 894-5406 if you have any questions.

Sincerely,
RLT Capital, LLC

⁶ According to Wikipedia, "one of the leading theories for the cause" of the Cretaceous-Paleogene extinction event (resulting in a mass extinction of some ¾ of plant and animal species on Earth) that included the dinosaurs is a large meteorite impact.

⁷ We exited (profitably) our small position well before the bankruptcy. More than anything, we were discomfited with what seemed to be an overly concentrated bet placed by management on their supply agreement with Apple.

⁸ Insider sales continued up to the bankruptcy announcement

Past performance is not necessarily indicative of future results. The performance data presented represents that of Pomeroy Capital Partners, LP (the "Fund"). Performance results represent fund-level returns, and are not an estimate of any specific investor's actual performance, which may be materially different from such performance depending on numerous factors. All performance results are estimates and should not be regarded as final until audited financial statements are issued.

Performance results have been compared to the total returns of the S&P 500 Index (the "Index") for informational purposes only. While this Index is widely used as a proxy for overall market performance, we offer no guarantee that the Index will always reflect an appropriate benchmark for the Fund whose holdings, performance and volatility may differ significantly from the securities that comprise the Index.

Specific companies or securities discussed in this presentation are meant to demonstrate the investment style and types of industries and instruments in which we invest, and are not selected based on past performance. The analyses and conclusions contained herein include certain statements, assumptions, estimates and projections that reflect various assumptions concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies, and have been included solely for illustrative purposes. No representations, express or implied, are respect to any other materials herein. The Fund may currently, or in the future, buy, sell, cover or otherwise change the form of an investment in the companies discussed for any reason, and without any obligations of notice.

All investments, including those in the Fund, involve risk including the loss of principal. All information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities. RLT Capital LLC ("RLT Capital" or "RLT") is an investment manager engaged in providing discretionary investment advisory services to its proprietary private investment funds (each a "Fund" collectively, the "Funds"). This transmission is confidential and may not be redistributed without the express written consent of RLT Capital, and does not constitute an offer to sell, or the solicitation of an offer to purchase any security or investment product. Any such offer or solicitation may only be made by means of delivery of an approved confidential offering memorandum.