

VMCH - A Value Investment Company

Questions and Answers

1. What is the VMCH Corporation?

The VMCH Corporation is a BVI (British Virgin Islands) investment company which began operations on January 1st 2012.

The company currently has 2 directors, Edward Gorban and Ronit Ezer. Mr. Gorban also acts as Investment Manager for the company, and works full time reading the financial statements of investment candidates. In addition, the company retains the services of a legal office in BVI to ensure it remains in compliance with all statutory and legal requirements.

2. What is the investment philosophy of the company?

We adhere to the value investment philosophy, which is the acquisition of good businesses at attractive prices, and holding for the long term. Over the last 100 years, it has been applied successfully by Warren Buffett, Martin Whitman, Mario Gabelli and many other investors who have beaten the market over many decades.

The basic principle is - know what you buy, and refuse to overpay. This as opposed to what most investment funds do - buy what everyone else is buying, for whatever it may cost.

Another point that sets us apart from most managed funds is that we want to stay small so we can choose from the best investments. Most funds are too large, which heavily impacts returns.

3. What does the company invest in?

We primarily invest in publicly traded companies in developed markets (US, EU, etc.). However, the investment manager has a broad mandate to invest in other assets (such as real estate for example). In comparison, most funds are usually stuck in a certain market or asset class regardless of its attractiveness as an investment.

4. How is risk managed?

We think risk is not knowing what you buy. We make sure we know as much as possible about all the investments we make, before we make them. And since even with the best research the future can be unpredictable, we generally hold between ten and twenty investments at any time.

5. Do the directors invest in the company?

Edward Gorban, the Investment Manager has most all of his net worth invested in the company. In addition, in order to ensure that the interests of directors and shareholders are aligned, all the directors are also common shareholders with a substantial investment. Most investment managers do not invest their own money in the funds they manage.

6. Why an Investment Company? Why not a Fund?

An investment company and a fund are essentially the same thing. However, a fund structure costs about 5 times as much to maintain. Our fixed costs are much lower than any fund we know of and our shareholders reap the benefits.

7. Is my investment safe from embezzlement?

No director can withdraw funds from the company without the authorization of the other director. This is both a matter of policy and has been defined as such with the company's broker.

8. What are the management fees?

There are two fees: Management fees of 0.5% per annum, and a 10% performance fee. For the sake of comparison:

- a. The average for the hedge fund industry is 1.5% and 15%, respectively.
- b. Most equity mutual funds generally charge around 2% annually in management fees.

9. How does taxation work?

The company does not report/pay taxes on the behalf of shareholders. In the event your shares in VMCH are sold at a profit, you are obliged at that point to report to your local tax authority and pay the appropriate tax, if any.

10. Can I withdraw my investment?

As a matter of policy, on the 1st of every month, the company will redeem the shares of current shareholders for fair value (NAV). A prior notice of at least two weeks is required.

11. How does the company communicate with shareholders?

All shareholders receive a detailed annual report and brief quarterly updates. In addition, shareholders can contact the directors directly at any time and ask questions.