A letter to investors from

Novo Capital Management, LLC

PERFORMANCE UPDATE

For the first quarter of 2014, Novo Fund, LP (the "Fund") recorded investment performance of 2.7% versus 1.7% for the long/short equity index and 1.8% for the S&P 500. We ended the quarter with 75% of the Fund invested in long positions and 7% in short positions. Exhibit 1 shows quarterly, year-to-date and since inception returns for the Fund compared to key indices. Performance reporting is net of all estimated and hypothetical expenses and fees.

Since inception, the Fund's performance has surpassed that of the long/short index and the S&P500 while offering significantly less volatility. The Fund's monthly standard deviation versus the S&P 500 is 3.7% vs 5.1%. The beta is 0.39 and correlation is 0.28 versus the S&P 500.s

Exhibit 1: Performance for 1Q2014*

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	YTD 2013	Since Inception
Novo Fund, LP	2.7%				2.7%	47.2%
S&P 500	1.8%				1.8%	46.4%
Long/Short Index	1.7%				1.7%	27.2%

Source: Novo Capital Management, LLC and Trident Fund Services, Inc.

Exhibit 2 shows that our performance has been consistently stronger and better than the long/short index. Versus the S&P500, we have not been as consistent in out-performing, but we have been less risky. Through the 1st Quarter of 2014, the Fund has delivered 6.4% compounded annual growth since inception in January 2008. This performance is better than the S&P 500 (6.3%) and the Barclay Equity Long/Short Index (3.9%) over the same time frame.

Exhibit 2: The Scorecard Thru the 1st Quarter of 2014*

	Yearly					Cumulative				
	Novo Fund	S&P 500	Diff	HF Index	Diff	Novo Fund	S&P 500	Diff	HF Index	Diff
2008	-5.3%	-37.0%	31.7%	-11.9%	6.5%	-5.3%	-37.0%	31.7%	-11.9%	6.5%
2009	11.6%	26.5%	-14.9%	14.4%	-2.8%	5.7%	-20.3%	26.0%	0.9%	4.8%
2010	18.9%	15.1%	3.9%	7.3%	11.7%	25.7%	-8.3%	34.0%	8.2%	17.5%
2011	-12.0%	2.1%	-14.1%	-4.6%	-7.4%	10.6%	-6.4%	17.0%	3.2%	7.4%
2012	-0.5%	16.0%	-16.5%	6.4%	-6.8%	10.1%	8.6%	1.5%	9.8%	0.3%
2013	30.1%	32.4%	-2.3%	13.9%	16.2%	43.3%	43.8%	-0.5%	25.0%	18.2%
1Q14	2.7%	1.8%	0.9%	1.7%	1.0%	47.2%	46.4%	0.8%	27.2%	20.0%
Annualized Thru 2013						**6.4%**	**6.3%**	**0.1%**	**3.9%**	**2.5%**

*The Fund returns in Exhibits 1-2 above were calculated by Novo Capital Management, LLC or its administrator, Trident Fund Services, Inc., all returns for 2008 were audited by Habif, Arogeti and Wynne, LLP, all returns for 2009, 2010, 2011, 2012 and 2013 were audited by Joseph Decosimo and Company, PLLC. Returns for 2014 are unaudited. The Fund returns in the exhibits above are net of applicable Fund expenses. In addition, performance is net of a 1.0% per annum management fee and 10% annual performance fee since inception. The S&P 500 and Barclay Equity Long/Short Index are well-known stock market indices, which are included merely to show the general trends in the equity markets in the periods indicated and are not intended to imply that Novo Fund's hypothetical portfolio was comparable to the indices either in composition or element of risk.

Performance in the 1st quarter reflects the strength of our disciplined and analytically rigorous approach to investing. We are pleased to again see profits from our short portfolio contributing to out-performance along with our long portfolio.

Our goal is to outperform the market on an annual basis after all fees and expenses.

MARKET COMMENTARY

In my 1Q13 letter, I wrote that I'm long-term bullish and I don't believe the stock market is in a bubble. I continue to stand by that thesis. The market has withstood the beginning of the Fed taper without suffering the massive decline that many predicted.

However, the recent surge in stock prices should, and seems to be, met with come caution.

As I said at the end of this interview on Fox Business (note I also discuss one of our short positions in the beginning of the interview), I expect corrections in certain stocks where valuations have become radically disconnected from business fundamentals with no chance of bridging that chasm.

An example of such a stock is NetFlix (NFLX). Hopes of growth at all costs leading to meaningful profits are lost as large, strong competitors like Amazon (AMZN), Apple (AAPL), Google (GOOG), Outerwall (OUTR) and, even, Yahoo (YHOO) have moved in on NetFlix's business. At the same time, costs of content (as we detail in our report) are rising at a much faster pace than revenues. The new competition puts an end to hopes that NFLX can raise subscription prices enough to keep margins from continuing to get squeezed to almost nothing by the rising costs of content. Making matters worse, now the cost of delivering content is on the rise as the ISPs are looking to charge NetFlix for using their pipes.

This stock has a long way to fall to get to a valuation that reflects reasonable expectations for future cash flows. Specifically, to justify $345/share the company must grow profits at 35% compounded annually for over 15 years. Not likely. We've made about 10% in a little over a month on this positions, and we expect to make a great deal more before we close it.

A key component of our short strategy is to leverage our research syndication network to inject our short thesis into the general market dialogue on the stock. We have successfully changed the dialogue in certain stocks by the broad exposure in the media that many of our ideas have received. Ever since Barron's featured our short call on LinkedIn (LNKD), the stock is down about 15%. SumZero, a prestigious website for hedge fund managers only, Barron's and CNBC featured our short call on NFLX.

While stocks with valuations that imply unrealistic future cash flow expectations comprise our short portfolio, we populate the long portfolio with stocks that have low expectations for future cash flows and strong, sturdy, time-tested business models. For example, Johnson & Johnson (JNJ), Smith & Wesson (SWHC) and Lorillard (LO) have been some of our best performers this year, and we expect them to out-perform in just about any market environment.

I think our long/short portfolios position us to continue to out-perform.

INVESTMENT STRATEGY

The Novo Fund's strategy remains unchanged. It aims to exploit inefficiencies in the stock market by seeking to own the most undervalued stocks and short the most overvalued stocks. We believe we are uniquely qualified to implement this strategy because of our superior knowledge of the economic valuation of 3000+ stocks. This base of knowledge enables us to trade portfolios of inefficiently priced stocks. We believe that our advantage lies in being able to identify groups of stocks that are most likely to be re-priced as the market, over time, rectifies misperceptions of economic value created by investors employing less analytical rigor than we are. We derive our advantage from the in-depth analysis of financial statements, especially the notes to the financial statements, which we apply to the analysis of the underlying economic value of more than 3000 firms as well as the major indices. We believe our exacting approach to research gives us an advantage in the selection of individual securities for our long and short portfolios as well as in determining the relative weighting of long and short positions in the Fund.

Please see the INVESTMENT STRATEGY section of my 2nd Quarter Letter to Investors for more details.

ADMINISTRATIVE DISCLOSURES

Novo believes that we have very significant investor safeguards built into our structure. All assets in the Fund are held in custody at J.P. Morgan. Our administrator, Trident Fund Services, Inc., prepares and distributes monthly and quarterly results. Joseph Decosimo & Company, PLLC audits our annual results. Seward & Kissel LLP performs the Fund's legal work.

The initial minimum investment in the Fund is $100,000, subject to waiver in the sole discretion of the Fund's general partner.

FINAL THOUGHTS

I am honored by the confidence that you have shown in us by your investment in the Novo Fund, LP. I remain focused on maximizing returns on your investment. I enjoy working hard to further develop the analytical advantages that enable our team to assess the profitability and valuation of stocks more accurately.

David Trainer

David Trainer
Managing Partner
Novo Capital Management, LLC
210 Jamestown Park, Suite 201
Brentwood, TN 37027
david.trainer@newconstructs.com