



Small Cap Value Review

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Private and Confidential
Presentation

Jim Miles
Portfolio Manager
Principal

Pat McMenamin
Managing Director

Bay County Employees' Retirement System

September 25, 2012

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Tab 1

Why Hotchkis & Wiley

As of August 2012

Boutique organizational structure

- 32-year history, \$18 billion AUM, extensive resources, investment focus
- Employee ownership promotes stability, aligns interests
- Team structure, integrated research

Disciplined, experienced investors

- Portfolio Coordinators have 15-year tenure
- Exploit irrational market behavior

In-house research

- 27-person research team with 17+ years experience
- Take advantage of limited research in small caps

Nimble asset base

- \$1,010 million asset base with history of closing
- Provides access to small caps with limited liquidity

Investment Team

As of August 2012

Experienced and Stable

Analyst	Focus	Years Experience		Equity Owner
		Industry	H&W	
George Davis, Jr., CEO	Capital Goods, Financials	28	23	✓
Ray Kennedy, CFA	Credit Specialist	26	3	✓
Sheldon Lieberman	Energy, Technology	26	18	✓
Patty McKenna, CFA	Consumer, Healthcare	25	16	✓
Mark Hudoff	Credit Specialist	25	2	✓
Jim Miles	Consumer, Technology	24	17	✓
David Green, CFA	Special Situations	21	15	✓
Patrick Meegan	Financials, Healthcare	21	13	✓
Stan Majcher, CFA	Consumer, Energy, Financials	19	15	✓
J.P. Flagler, CFA	Capital Goods, Healthcare	17	13	✓
Hunter Doble, CFA	Financials	16	6	✓
Judd Peters, CFA	Capital Goods, Energy, Technology	15	12	✓
Scott McBride, CFA	Consumer, Financials, Healthcare, Technology	13	10	✓
Jason Chan, CFA	Consumer, Healthcare, Technology	12	11	✓
Scott Rosenthal	Capital Goods, Energy, Financials	12	5	✓
Noah Mayer, CFA	Capital Goods, Technology	12	4	✓
Mark Schmidt	Capital Goods, Healthcare	10	7	✓
Ryan Thomes, CFA	Portfolio Analyst	10	4	✓
Brian Hirschmann, CFA	Capital Goods, Energy, Healthcare	8	2	
Dan McKenzie, CFA	Special Situations	7	7	

The team is supported by 7 members of our Research Associate Program

U.S. Investment Strategies

As of August 2012

\$18 billion managed firm-wide

	Total Firm Assets (millions)	Index	# of Holdings	Market Capitalization
Diversified Value	\$6,967	Russell 1000 Value	50-80 stocks	>\$5B
Fundamental Value	\$6,943	Russell 1000 Value	40-60 stocks	>\$3B
Mid-Cap Value	\$1,995	Russell Midcap Value	50-100 stocks	\$500MM - \$15B
Small Cap Value	\$1,010	Russell 2000 Value	50-100 stocks	\$100MM - \$3B
Value Opportunities	\$93	Russell 3000 Value	15-50 stocks	Any
Capital Income	\$11	S&P 500 BofAML U.S. Corp/Govt/Mtg	25-50 stocks 75-100 issues	>\$1B (stocks)
High Yield	\$998	BofAML U.S. High Yield BB-B (Constrained 2%)	Target 100 issuers	N/A

Common Research Platform Across All Strategies

Representative Firm-wide Client List

As of August 2012

Corporate

American Airlines
The Boeing Company
Consolidated Rail Corporation
Energy Future Holdings Corp.
Girl Scouts of the USA
Major League Baseball Group Pension Trust
MedStar Health, Inc.
Minnesota Life Insurance Company
Monsanto Company
Pactiv Corporation
Salt River Project
Torstar Corporation

Public

Fire & Police Employees' Ret. Sys. of the City of Baltimore
Bay County Employees' Retirement System
Florida League of Cities, Inc.
Minnesota State Board of Investment
Jackson County, Missouri Revised Pension Plan
Nebraska Public Power District Employee Retirement Plan
Oklahoma Law Enforcement Retirement System
Oklahoma Teachers' Retirement System
San Diego County Employees Retirement Association

Non-Profit

American University
Communities Foundation of Texas
David X. Marks Foundation
Gundersen Lutheran Hospital
Howard University
Portico Benefit Services
The Samuel Roberts Noble Foundation, Inc.
Wespath

Taft-Hartley

Alaska Electrical Trust Funds
ILWU-PMA Benefit Plans
Oregon-Washington Carpenters-Employers Pension Trust Fund

Sub-Advisory

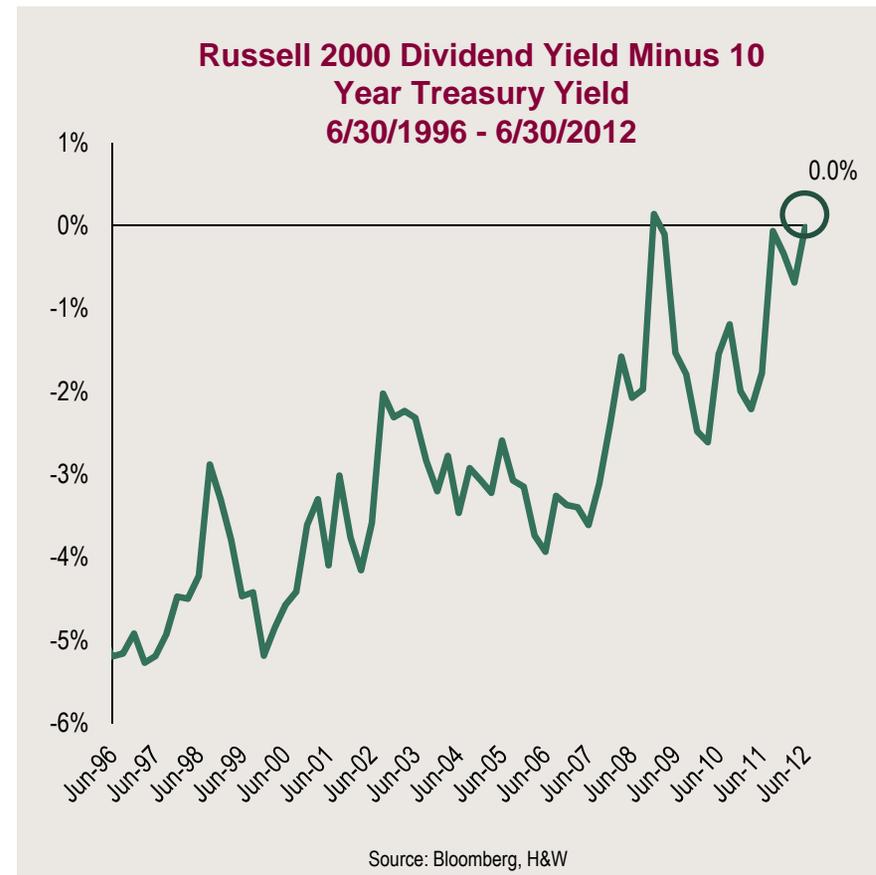
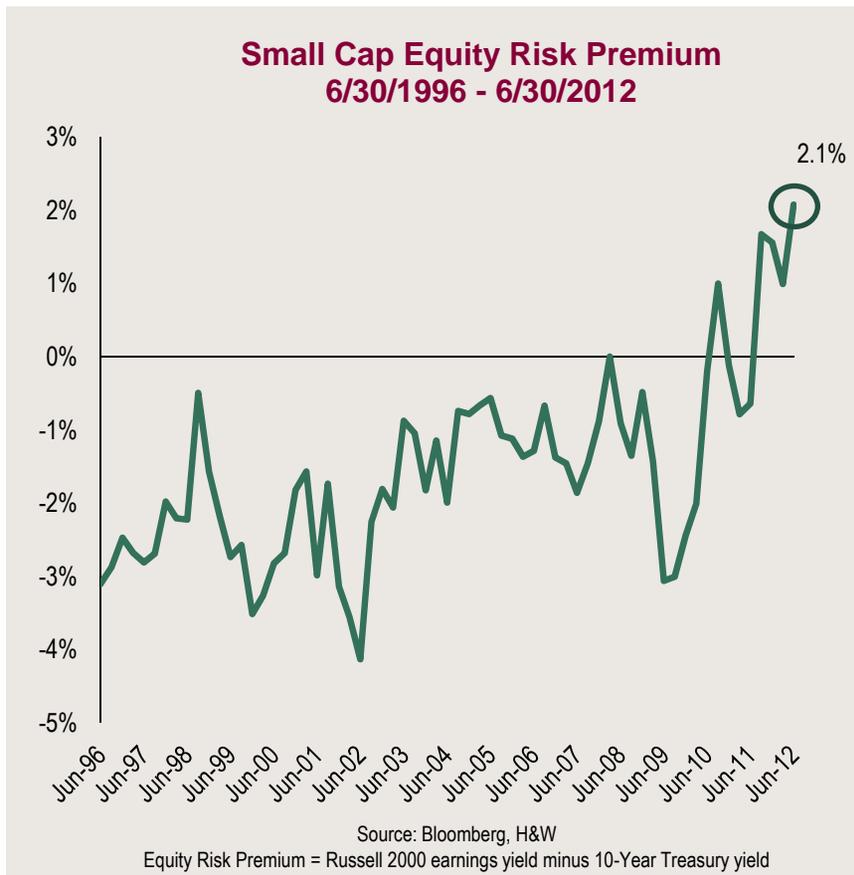
American Beacon Balanced Fund
American Beacon Large Cap Value Fund
American Beacon Small Cap Value Fund
AST Large Cap Value Fund
Northern Funds Multi-Manager Small Cap Fund
Skandia US Value Fund
Target Conservative Allocation Fund
Target Growth Allocation Fund
Target Moderate Allocation Fund
Target Portfolio Trust
Vanguard Windsor II Fund

Please see endnotes for selection criteria.

Tab 2

Compensation for taking equity risk

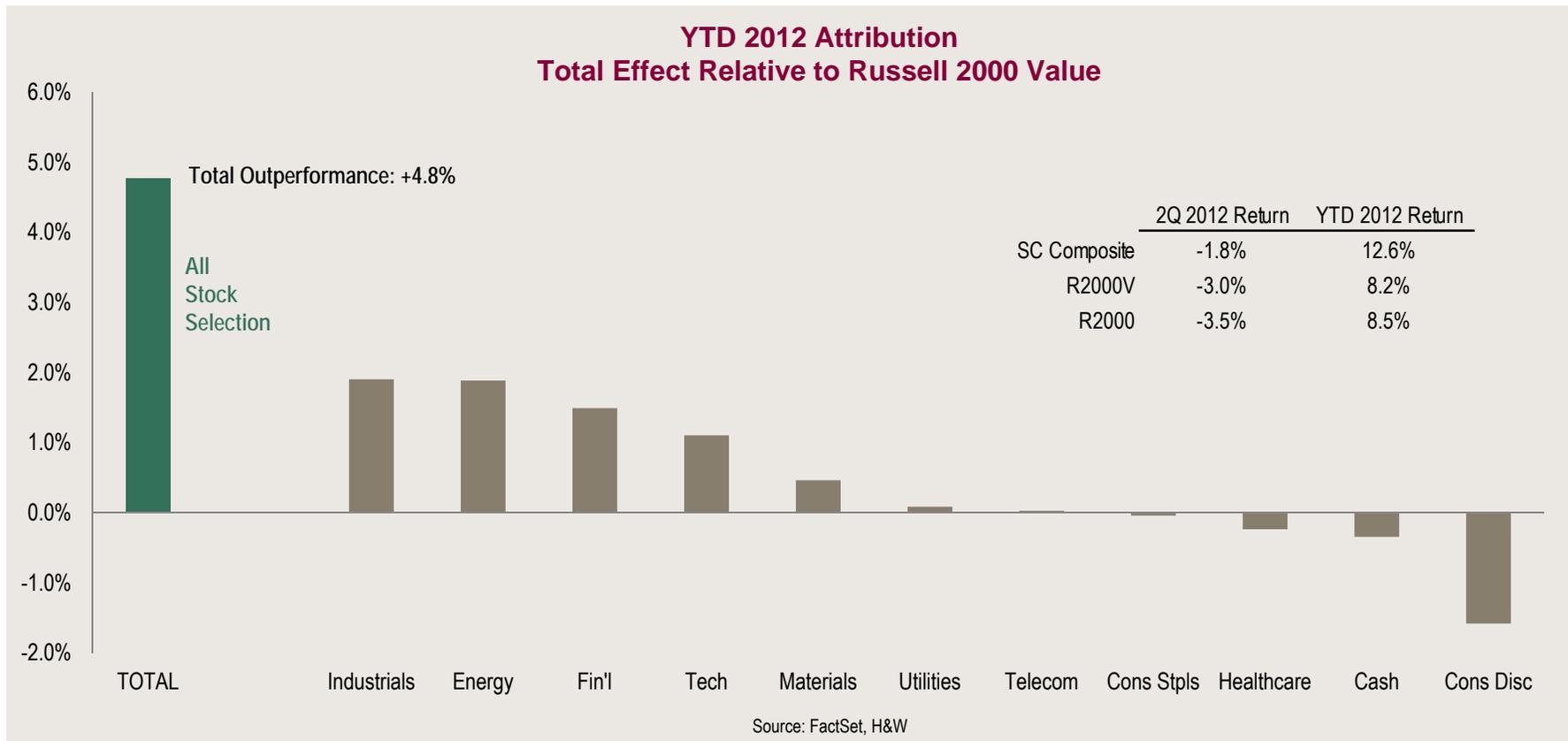
- The incremental yield for owning equities relative to “risk free” treasuries remains at a compelling level



YTD 2012 Attribution

As of June 2012

- Absolute and relative performance were positive
- Stock selection drove outperformance



Representative Small Cap Value portfolio, gross of fees. Client portfolio holdings may vary due to different restrictions, cash flows and other relevant considerations. Small Cap Value composite performance shown gross of fees. Net of fee performance as well as results for longer periods not shown may differ significantly. Information supplemental to strategy's composite presentation provided in accompanying performance schedule.

Performance

As of August 2012

Bay County Employees' Retirement System



Commencement of portfolio: 12/1/03

Performance shown gross of fees. Periods over one year are average annual total return. Past performance is no guarantee of future performance.

Composite Performance

As of August 2012

Hotchkis & Wiley Small Cap Value



Commencement of Small Cap Value (SCV) Composite: 10/1/85

Performance shown gross of fees. Periods over one year are average annual total returns. Information provided as part of a private meeting and is supplemental to strategy's composite presentation provided in accompanying performance schedule and endnotes. Past performance is no guarantee of future performance.

Portfolio Characteristics

As of August 2012

Bay County Employees' Retirement System

Market Value: \$10,228,463

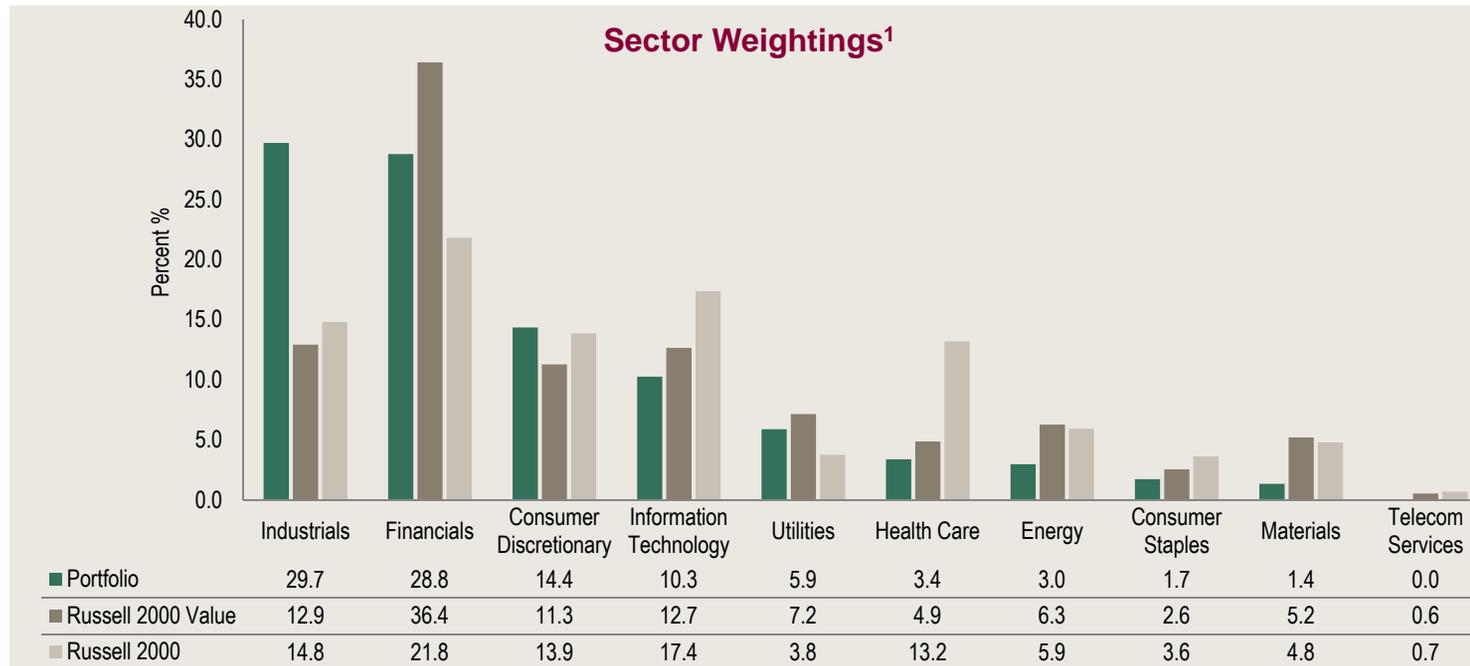
Portfolio Characteristics			
	Portfolio	Russell 2000 Value	Russell 2000
Projected P/E (FY2)	10.5x	12.0x	13.1x
Price/Normal Earnings	7.1x	11.5x	14.5x
Price/Book	1.1x	1.2x	1.7x
Price/Sales	0.5x	0.8x	1.0x
Projected EPS Growth	6.6%	6.1%	6.8%
Dividend Yield	1.3%	2.2%	1.5%
Payout Yield	4.9%	4.1%	3.0%
Wtd Avg Market Capitalization (millions)	\$1,529	\$1,078	\$1,252
Median Market Capitalization (millions)	\$1,491	\$426	\$475

Certain information presented is based on proprietary or third-party estimates, which are subject to change and cannot be guaranteed.

Sector Weights and Holdings

As of August 2012

Bay County Employees' Retirement System



¹ % of total portfolio

Top Ten Holdings¹	
Valassis Communications	5.1%
Con-Way Inc.	5.1
Quiksilver Inc.	4.0
Rent-A-Center Inc.	3.8
Arris Group Inc.	3.8
CNO Financial Group Inc.	3.7
Geo Group Inc.	3.5
Great Plains Energy Inc.	3.3
Huntington Ingalls Ind. Inc.	3.2
Miller Industries Inc.	3.1

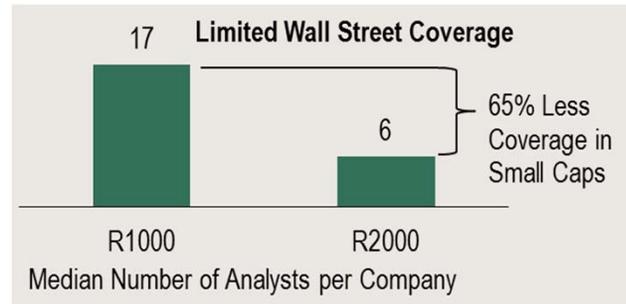
Tab 3

Why Hotchkis & Wiley Small Cap Value

OPPORTUNITY

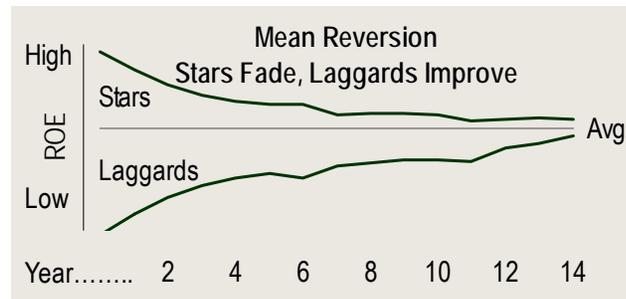
Limited Wall Street Coverage

- Fewer analysts per company
- Stale, cursory reports
- Junior analysts



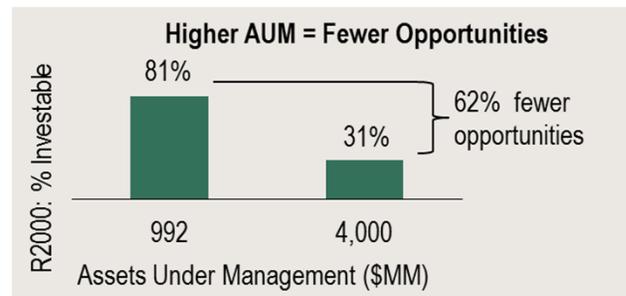
Out-of-Favor Industries/Companies

- Excessive fear or optimism
- Temporary “issues”



Limited Trading Liquidity

- AUM limits opportunities
- Over- and under-reaction



H&W ADVANTAGE

In-House Research Staff

- ✓ 27-person investment staff
- ✓ Industry experts
- ✓ Proprietary ideas
- ✓ Over 1,200 Company files

Manager/Team Tenure

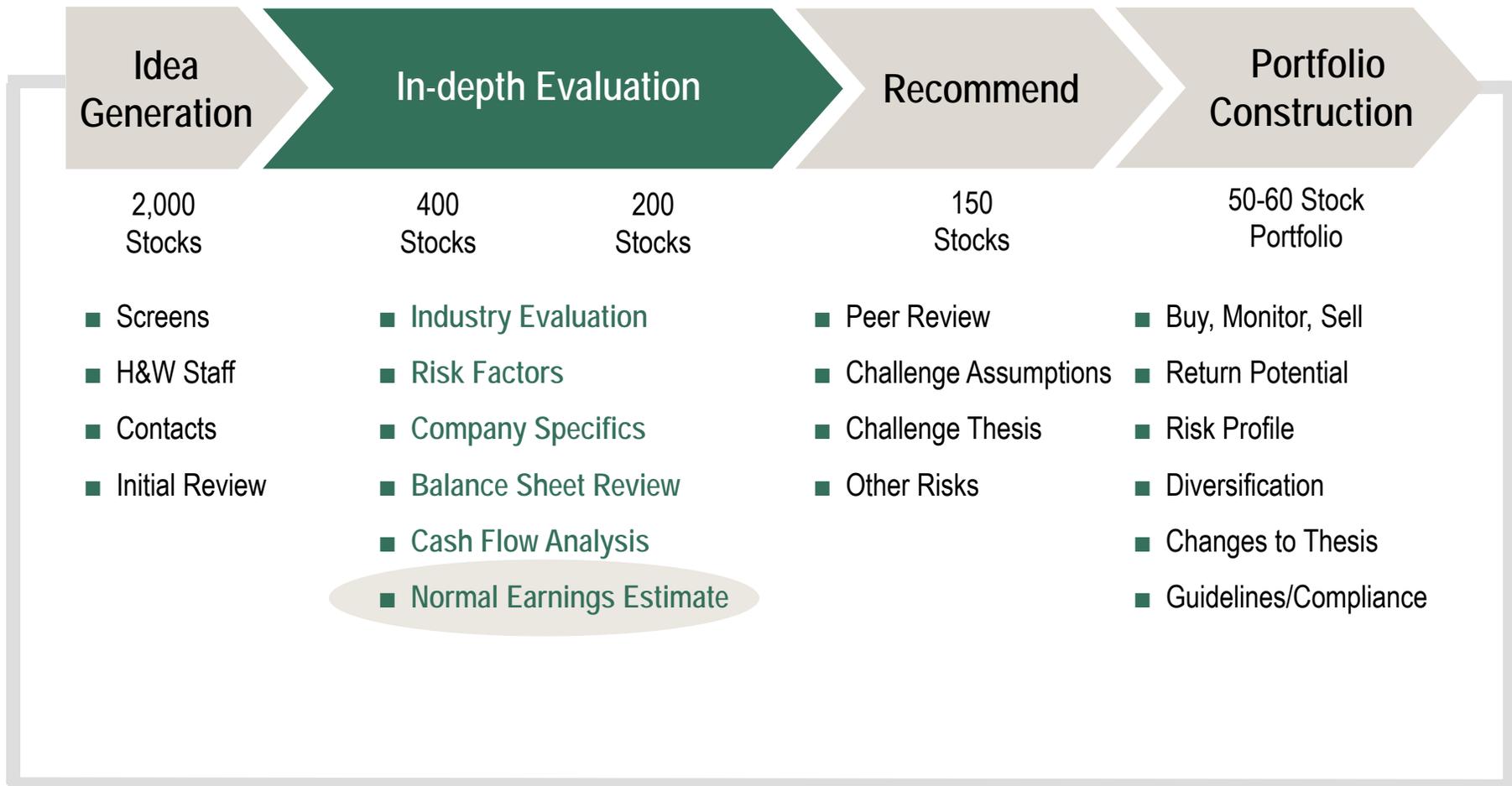
- ✓ Over fifteen years
- ✓ Disciplined process
- ✓ Focus on normal earnings

Nimble Asset Base

- ✓ Ability to act on research
- ✓ History of closing strategies to new business

Disciplined Investment Process

Consistent, repeatable process



What to Expect

We believe our disciplined process will yield the following:

- Generally 50-60 stocks that have been thoroughly researched
 - Top 10 holdings will represent 30% to 40% of portfolio
 - Diversified (limit at purchase: 5% stock, 15% industry)
 - Small cap exposure
 - Value exposure (low PE normal)
-

- Deviations from the benchmark
- Short-term fluctuations, long-term results
- Excel in value or fundamental-driven markets
- Lag in growth, momentum, or mania-driven markets

Tab 4

Investment Staff Biographies

GEORGE DAVIS, JR.
Chief Executive Officer
Portfolio Manager and Principal
28 Years Industry Experience
Equity Owner

Mr. Davis joined H&W in 1988 as an equity analyst and became portfolio manager in 1989. In 2001, Mr. Davis was named Chief Executive Officer and is a member of the firm's Executive Committee. He is also director of Hotchkis & Wiley (UK) Limited. In his role as portfolio manager, Mr. Davis plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Large Cap Fundamental Value, Large Cap Diversified Value, Mid-Cap Value and Value Opportunities portfolios, represents these strategies to current and prospective clients, as well as provides expertise and insight into the capital goods and financials sectors. Prior to joining the firm, Mr. Davis was an assistant to the senior partner of RCM Capital Management. He began his career in equity research with internships at Cramer, Rosenthal & McGlynn and Fidelity Management & Research.

Mr. Davis received his BA in Economics and History and MBA from Stanford University. In addition, he is Series 7, 63 and 65 registered.

JASON CHAN, CFA
Portfolio Manager
12 Years Industry Experience
Equity Owner

Mr. Chan joined H&W in 2001 as an equity analyst and became portfolio manager in 2008. In his role as portfolio manager, Mr. Chan plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the consumer, healthcare and technology sectors. Prior to joining the firm, Mr. Chan was a credit analyst with Silicon Valley Bank.

Mr. Chan, a CFA charterholder, received his BS in Biological Science and BS in Business Administration from the University of Southern California.

HUNTER DOBLE, CFA
Portfolio Manager
16 Years Industry Experience
Equity Owner

Mr. Doble joined H&W in 2005 as an equity analyst and became portfolio manager in 2006. In his role as portfolio manager, Mr. Doble plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the financials sector. Prior to joining the firm, Mr. Doble worked as an analyst for Equinox Capital Management. He also worked as an analyst at Ark Asset Management in their equity research group and as a portfolio manager's assistant in their fixed income group.

Mr. Doble, a CFA charterholder, received his BA in Economics from Georgetown University and MBA in Finance from New York University's Stern School of Business.

Investment Staff Biographies

J.P. FLAGLER, CFA
Portfolio Manager
17 Years Industry Experience
Equity Owner

Mr. Flagler joined H&W in 1999 as a research analyst and became portfolio manager in 2001. In his role as portfolio manager, Mr. Flagler plays an integral part in the investment research review and decision-making process. He is on the Capital Goods and Healthcare sector teams and is directly responsible for fundamental research on the aerospace & defense, automotive and machinery industries.

Mr. Flagler, a CFA charterholder, received his BS from the University of Oklahoma and MBA with distinction from the Wharton School at the University of Pennsylvania.

DAVID GREEN, CFA
Portfolio Manager and Principal
21 Years Industry Experience
Equity Owner

Mr. Green joined H&W in 1997, served as the Director of Research from 1999 to 2000, and became Principal in 2001. In his role as portfolio manager, Mr. Green plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Small Cap Value and Value Opportunities portfolios, represents these strategies to current and prospective clients, as well as provides expertise and insight into Special Situations. Prior to joining the firm, Mr. Green worked as a senior equity analyst with Goldman Sachs Asset Management on the Broad Market Value team. Before joining Goldman Sachs, he worked as an equity analyst with Prudential Investment Corporation where he began his investment career in 1990. Mr. Green's investment experience is focused primarily on analysis of publicly traded equities.

Mr. Green, a CFA charterholder, received his BA in Economics with honors from the University of California, Berkeley and is a member of Phi Beta Kappa.

BRIAN HIRSCHMANN, CFA
Investment Analyst
8 Years Industry Experience

Mr. Hirschmann joined H&W in 2010. In his role as investment analyst, Mr. Hirschmann plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the capital goods, energy and healthcare sectors. Prior to joining the firm, Mr. Hirschmann was an associate in the Principal Strategies Group at Goldman Sachs, where he invested in public equity and debt.

Mr. Hirschmann, a CFA charterholder, received his BA in Economics from Yale University.

Investment Staff Biographies

MARK HUDOFF

Portfolio Manager

25 Years Industry Experience

Equity Owner

Mr. Hudoff joined H&W in 2009 and is portfolio manager for the High Yield bond and Capital Income strategies. In his role as portfolio manager, Mr. Hudoff plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of all High Yield bond and Capital Income portfolios. Prior to joining the firm, Mr. Hudoff was an Executive Vice President, portfolio manager and Head of Global High Yield investments at PIMCO. He started at PIMCO as a credit analyst for the high yield team and moved to Europe in 2000 to build and manage their European credit business, including the management of PIMCO's European High Yield strategies. Upon returning to the U.S. in 2004, Mr. Hudoff founded and developed PIMCO's Global High Yield practice, while also managing U.S. High Yield portfolios. Mr. Hudoff was formerly associated with BCA where he worked as a fixed income strategist.

Mr. Hudoff was nominated for Morningstar's 2010 Fixed Income Manager of the Year. He received his BS in Economics from Arizona State University and MBA in Finance from the University of Chicago Graduate School of Business.

RAY KENNEDY, CFA

Portfolio Manager

26 Years Industry Experience

Equity Owner

Mr. Kennedy joined H&W in 2008 and is portfolio manager for the High Yield bond strategy. In his role as portfolio manager, Mr. Kennedy plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of all High Yield bond portfolios. Prior to joining the firm, Mr. Kennedy was a Managing Director, portfolio manager and senior member of PIMCO's investment strategy group. At PIMCO, he headed the global high yield business along with managing and overseeing High Yield funds, bank loan trading and collateralized debt obligations. Mr. Kennedy was formerly associated with the Prudential Insurance Company of America as a private placement asset manager where he was responsible for investing and managing a portfolio of investment grade and high yield privately placed fixed income securities. Prior to that, he was a consultant for Andersen Consulting (now Accenture) in Los Angeles and London.

Mr. Kennedy, a CFA charterholder, was nominated for Morningstar's 2010 Fixed Income Manager of the Year. He received his BS from Stanford University and MBA from the Anderson Graduate School of Management at the University of California, Los Angeles. He is Series 7 and 63 registered.

SHELDON LIEBERMAN

Portfolio Manager and Principal

26 Years Industry Experience

Equity Owner

Mr. Lieberman joined H&W in 1994, became Principal in 2001 and is a member of the firm's Executive Committee. In his role as portfolio manager, Mr. Lieberman plays an integral part in the investment research review and decision-making process and represents the Large Cap Fundamental Value and Large Cap Diversified Value strategies to current and prospective clients. He also provides expertise and insight into the energy and technology sectors. Prior to joining the firm, Mr. Lieberman was the chief investment officer for the Los Angeles County Employees Retirement Association ("LACERA"). At LACERA, he was responsible for overseeing the fund's investment activity, as well as developing and implementing investment policy, strategy and guidelines. Prior to his position at LACERA, he was manager of trust investments at Lockheed Corporation.

Mr. Lieberman received his BA from UCLA and MBA from California State University, Northridge. In addition, he is Series 7 and 63 registered.

Investment Staff Biographies

STAN MAJCHER, CFA
Portfolio Manager and Principal
19 Years Industry Experience
Equity Owner

Mr. Majcher joined H&W in 1996 as an equity analyst, became portfolio manager in 1999 and Principal in 2001. In his role as portfolio manager, Mr. Majcher plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Mid-Cap Value portfolios, represents the strategy to current and prospective clients, as well as provides expertise and insight into the consumer, energy and financials sectors. Prior to joining the firm, Mr. Majcher was an analyst in corporate finance at Merrill Lynch & Co., Inc. He worked on a variety of common equity, equity-linked and debt financings as well as strategic advisory assignments for Merrill Lynch's domestic and international airline clients.

Mr. Majcher, a CFA charterholder, received his BS in Finance and Marketing from Georgetown University. In addition, he is Series 7 and 63 registered.

NOAH MAYER, CFA
Portfolio Manager
12 Years Industry Experience
Equity Owner

Mr. Mayer joined H&W in 2007 as an equity analyst and became portfolio manager in 2010. In his role as portfolio manager, Mr. Mayer plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the capital goods and technology sectors. Prior to joining the firm, Mr. Mayer was a business analyst at Capital One where he supported the president of US Credit Card Operations as an internal consultant. He began his career as a business consultant for AMS's Financials and Insurance Group.

Mr. Mayer, a CFA charterholder, received his BS in Management from the State University of New York at Binghamton, graduating summa cum laude, MBA from the Wharton School and MA in International Studies from the Lauder Institute at the University of Pennsylvania.

SCOTT McBRIDE, CFA
Portfolio Manager
13 Years Industry Experience
Equity Owner

Mr. McBride joined H&W in 2001 as an equity analyst and became portfolio manager in 2004. In his role as portfolio manager, Mr. McBride plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of Large Cap Fundamental Value and Large Cap Diversified Value portfolios. He also provides expertise and insight into the consumer, financials, healthcare and technology sectors. Prior to joining the firm, Mr. McBride was an associate consultant with Deloitte Consulting and worked as an investment marketing analyst with Fidelity Investments.

Mr. McBride, a CFA charterholder, received his BA in Economics from Georgetown University and MBA from Columbia University.

Investment Staff Biographies

PATTY McKENNA, CFA
Portfolio Manager and Principal
25 Years Industry Experience
Equity Owner

Ms. McKenna joined H&W in 1995 and became Principal in 2001. In her role as portfolio manager, Ms. McKenna plays an integral part in the investment research review and decision-making process and represents the Large Cap Fundamental Value and Large Cap Diversified Value strategies to current and prospective clients. She also provides expertise and insight into the consumer and healthcare sectors. Prior to joining the firm, Ms. McKenna was an equity analyst at Trust Company of the West. Before entering the field of investment management, she worked for five years in corporate finance at Bankers Trust and then at Fieldstone Private Capital Group. Ms. McKenna began her career as a forensic accountant in 1983.

Ms. McKenna, a CFA charterholder, received her BA in Economics with distinction from Stanford University and MBA from Harvard Business School. In addition, she is Series 7 and 63 registered.

DAN McKENZIE, CFA
Investment Analyst
7 Years Industry Experience

Mr. McKenzie joined H&W in 2004. In his role as investment analyst, Mr. McKenzie plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into Special Situations. He also provides back-up trading and portfolio management duties for the high yield product. Mr. McKenzie began his career at H&W as a Performance Specialist and completed a three year Research Associate program in 2010.

Mr. McKenzie, a CFA charterholder, received his BA in Economics and BS in Math/Applied Science with a Concentration in Accounting and Managerial Math from the University of California, Los Angeles. Mr. McKenzie is currently attending The Anderson School of Management at the University of California, Los Angeles in the Fully Employed MBA program.

PATRICK MEEGAN
Portfolio Manager
21 Years Industry Experience
Equity Owner

Mr. Meegan joined H&W in 1998 and is portfolio manager for the High Yield bond and Capital Income strategies. In his role as portfolio manager, Mr. Meegan plays an integral role in the investment research review and decision-making process as well as provides expertise and insight into the financials and healthcare sectors. He coordinates the day-to-day management of all High Yield bond and Capital Income portfolios. He represents the firm's investment strategies to current and prospective clients. Mr. Meegan began his career at H&W as an equity analyst and became portfolio manager in 2001. Prior to joining the firm, Mr. Meegan was an audit manager at Arthur Andersen and specialized in financial statement audits and advising clients on SEC reporting issues.

Mr. Meegan, a Certified Public Accountant (inactive), received his BA in Business Administration with honors from California State University, Fullerton and his MBA with honors from The Anderson School at the University of California, Los Angeles. In addition, he is Series 7 and 63 registered.

Investment Staff Biographies

JIM MILES

Portfolio Manager and Principal
24 Years Industry Experience
Equity Owner

Mr. Miles joined H&W in 1995 and became Principal in 2001. In his role as portfolio manager, Mr. Miles plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Small Cap Value portfolios, represents all strategies to current and prospective clients, as well as provides expertise and insight into the consumer and technology sectors. Prior to joining the firm, Mr. Miles was a vice president in corporate finance at BT Securities Corporation, an affiliate of Bankers Trust. He specialized in lending to and arranging debt for highly leveraged companies.

Mr. Miles received his BS in Mechanical Engineering and MS in Engineering from Stanford University and MBA from the University of California, Los Angeles. In addition, he is Series 7 and 63 registered.

JUDD PETERS, CFA

Portfolio Manager
15 Years Industry Experience
Equity Owner

Mr. Peters joined H&W in 1999 as an equity analyst and became portfolio manager 2003. In his role as portfolio manager, Mr. Peters plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of Large Cap Fundamental Value and Large Cap Diversified Value portfolios. He also provides expertise and insight into the capital goods, energy and technology sectors. Prior to joining the firm, Mr. Peters was an analyst in the corporate finance department of an investment banking firm.

Mr. Peters, a CFA charterholder, received his BA in Mathematics and a BS in Biochemistry from the University of California, San Diego. In addition, he is Series 7 and 63 registered.

SCOTT ROSENTHAL

Portfolio Manager
12 Years Industry Experience
Equity Owner

Mr. Rosenthal joined H&W in 2007 as an equity analyst and became portfolio manager in 2010. In his role as portfolio manager, Mr. Rosenthal plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the capital goods, energy and financials sectors. Prior to joining the firm, Mr. Rosenthal was a member of the investment team at FLAG Capital Management where he worked to identify and evaluate fund-of-funds investment opportunities in venture capital and private equity. He began his career as an analyst with UBS' Health Care investment banking group.

Mr. Rosenthal received his BA in Economics from Boston College and MBA with honors from Columbia Business School.

Investment Staff Biographies

MARK SCHMIDT
Portfolio Manager
10 Years Industry Experience
Equity Owner

Mr. Schmidt joined H&W in 2005 as an equity analyst and became portfolio manager in 2008. In his role as portfolio manager, Mr. Schmidt plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the capital goods and healthcare sectors. Prior to joining the firm, Mr. Schmidt was a product manager at Guidant Corporation, a medical device manufacturer. There he was responsible for launching and marketing cardiovascular devices, including stents and pacemakers for heart failure patients. Before his work in medical devices, he was a derivatives trader for Societe Generale.

Mr. Schmidt received his BS in Engineering from the University of Washington in Seattle and MBA with honors from the University of Chicago.

RYAN THOMES, CFA
Portfolio Analyst
10 Years Industry Experience
Equity Owner

Mr. Thomes joined H&W in 2008 and acts as a liaison between the investment and marketing and client service teams. Prior to joining the firm, Mr. Thomes was a global equity senior research associate for Jeffrey Slocum and Associates, Inc., an institutional investment consultant based in Minneapolis. At Slocum, he was responsible for directing wide-ranging equity research projects as well as conducting equity investment manager due diligence. Mr. Thomes began his investment career as a research analyst at Berthel Schutter LLC, a consulting firm where he conducted equity and fixed income investment manager due diligence.

Mr. Thomes, a CFA charterholder, received his BS in Entrepreneurial Management and Finance from the University of Minnesota.

TIM LARSEN
Head Trader
16 Years Industry Experience
Equity Owner

Mr. Larsen joined H&W in 2004. Prior to joining the firm, Mr. Larsen was the head trader at Quest Investment Co. Inc. He also worked as an equity trader at Sanford C. Bernstein Co. Inc. and Crabbe Huson Group, Inc.

Mr. Larsen received his BS in Business Administration from Oregon State University and is a member of the Security Traders Association of Los Angeles.

Investment Staff Biographies

SANDI GRAVITT

Trade Analyst

38 Years Industry Experience

Equity Owner

Ms. Gravitt joined H&W in 1993. Ms. Gravitt began her career at H&W in portfolio services where she assisted the equity trader and established operational procedures for our prior fixed income strategy. After transferring to the investment technology department, she served as project manager for new initiatives and was responsible for data integrity of various software systems. In 2008, she transitioned into the trade analyst role.

Prior to joining the firm, Ms. Gravitt worked at several banking and thrift institutions in operations and trade support.

ROBIN HENRICH

Senior Trader

12 Years Industry Experience

Equity Owner

Ms. Henrich joined H&W in 2005 as a junior equity trader and became senior trader in 2007. Prior to joining the firm, Ms. Henrich was a junior equity trader at Engemann Asset Management and an institutional sales and trading assistant at SoundView Technology Group.

Ms. Henrich received her BA in Economics from University of California, Berkeley and is a member of the Security Traders Association of Los Angeles.

DAVID KANG

Trade Analyst

13 Years Industry Experience

Mr. Kang joined H&W in 2012. Prior to joining the firm, Mr. Kang was a fixed income portfolio analyst at the Capital Group Companies. He also worked at Western Asset Management as a client account transition specialist and at State Street Global Advisors as a data analyst and transition management associate.

Mr. Kang received his BS in Economics from the University of California, San Diego and his MBA from Boston University.

Marketing and Client Service Staff Biographies

PETER CLARKE, CIMA®
Managing Director
11 Years Industry Experience
Equity Owner

Mr. Clarke joined H&W in 2003 and is responsible for marketing and client service of financial intermediaries, retirement plans, consulting firms and institutional clients in the Eastern United States. Prior to joining the firm, Mr. Clarke worked as an Internal Wholesaler for Pacific Life in the Annuities and Mutual Funds Department. In addition, he has over eight years of selling experience in the entertainment industry and sports marketing.

Mr. Clarke received his BA from the Pennsylvania State University and holds designations as a Chartered Mutual Fund Counselor from the College of Financial Planning and CIMA® from the Investment Management Consultants Association. In addition, he is Series 6, 7 and 63 registered.

NIGEL HURST-BROWN
Chief Executive
Hotchkis & Wiley (UK) Limited
34 Years Industry Experience
Equity Owner

Mr. Hurst-Brown transferred to H&W in 1998 following the acquisition of Mercury Asset Management by Merrill Lynch. He is responsible for marketing and client service in the UK, is a member of H&W's Executive Committee and director of Hotchkis & Wiley (UK) Limited. Mr. Hurst-Brown joined Mercury Asset Management as co-head of its international division in 1990 prior to which he spent four years as Executive Chairman of Lloyds Investment Managers, five years with Hill Samuel Investment Management, and three years with Lazard Brothers.

Mr. Hurst-Brown graduated from Bristol University with an honors degree in Economics and Accounting. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

PAT MCMENAMIN
Managing Director
27 Years Industry Experience
Equity Owner

Mr. McMEnamin has been affiliated with H&W since 1994 and is responsible for marketing and client service for corporate, public, retirement plans, and endowment and foundation funds in the Eastern United States. Prior to joining the firm, Mr. McMEnamin was responsible for institutional business development for Merrill Lynch Investment Managers on the East Coast. Additionally, he was with Morgan Stanley Asset Management from 1989 to 1994 where he was a member of the Client Coverage Team with overall responsibility for institutional relationships in the Mid-Atlantic and Southern regions of the United States. Mr. McMEnamin began his career as a business development officer for John Hancock Financial Services in its Retirement and Institutional Sales Department.

Mr. McMEnamin received his BS in Economics and Business Administration from Saint Leo University. In addition, he is Series 6, 63 and 65 registered.

Marketing and Client Service Staff Biographies

MARY PAPAMARKOU
Managing Director
21 Years Industry Experience
Equity Owner

Ms. Papamarkou joined H&W in 2005 and is responsible for building and managing strategic partnerships with national Retail and Retirement financial services firms. Prior to joining the firm, Ms. Papamarkou worked in various management roles within Delaware Investments Retail and Retirement Product Management Group. She began her career at Merrill Lynch in 1991 where she held various positions within the firm's Private Client Group division.

Ms. Papamarkou received her BA in Economics from Rutgers University, New Brunswick, NJ. In addition, she is Series 7 and 63 registered.

CHRIS ROLLER, CIMA®
Managing Director
13 Years Industry Experience
Equity Owner

Mr. Roller joined H&W in 2002 and is responsible for marketing and client service of financial intermediaries, retirement plans, consulting firms and institutional clients in the Eastern United States. Prior to joining the firm, Mr. Roller was a Regional Director at John Hancock Private Client Group, responsible for sales and service of separate accounts to institutions and high net-worth individuals. Additionally, he served as a client service representative for 401(k) participant accounts at Fidelity Investments.

Mr. Roller received his BA from Emory University in Atlanta and holds the CIMA® designation from the Investment Management Consultants Association. In addition, he is Series 6, 7, 63 and 65 registered.

KRISTIN K. SMITH, CFA, CPA
Managing Director
18 Years Industry Experience
Equity Owner

Ms. Smith joined H&W in 1998 and served as Chief Financial Officer from 2001 to 2005. She is responsible for marketing and client service for corporate, public, retirement plans, and endowment and foundation funds in the Western United States. Prior to joining the firm, Ms. Smith held positions in corporate finance and sales for various firms in the entertainment industry.

Ms. Smith, a CFA charterholder and Certified Public Accountant, received her BS in Accounting from the University of Southern California and is a member of the Los Angeles Society of Financial Analysts and CFA Institute. In addition, she is Series 7 and 63 registered.

Performance Schedule – Small Cap Value

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return R2000	% Total Return R2000V	# of Accts	Internal Dispersion (%)	Comp. Assets (\$mm)	Total Firm Assets (\$mm)
2011	-10.1	-10.7	-4.2	-5.5	7	0.4	881	16,171
2010	44.3	43.4	26.9	24.5	8	0.5	926	18,148
2009	63.9	62.9	27.2	20.6	7	n/m	641	14,494
2008	-43.5	-43.9	-33.8	-28.9	8	0.3	305	10,807
2007	-17.6	-18.2	-1.6	-9.8	11	0.6	932	27,698
2006	3.9	3.1	18.4	23.5	16	0.2	1,530	35,571
2005	11.9	11.0	4.6	4.7	17	0.5	1,745	29,613
2004	29.1	28.2	18.3	22.2	19	1.2	1,571	19,482
2003	64.3	63.4	47.3	46.0	10	n/m	861	9,634
2002	-0.5	-1.0	-20.5	-11.4	<6	n/m	271	4,884

n/m – not considered meaningful for composites with five accounts or less for the full year.

Hotchkis and Wiley Capital Management, LLC (the “Firm” or “H&W”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. H&W has been independently verified for the periods October 9, 2001 through December 31, 2011. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small Cap Value Composite has been examined for the periods October 1, 1985 through December 31, 2011. The verification and performance examination reports are available upon request.

H&W is an independent investment management firm registered with the U.S. Securities and Exchange Commission and manages U.S. value equity and high yield assets for institutional and mutual fund investors. Its predecessor firm was established in 1980. The U.S. equity team of the predecessor firm established H&W in October 2001. The performance history of Firm composites prior to October 9, 2001 is comprised of the performance history of the accounts managed by the predecessor firm. There has been no material change in the investment strategy related to these products as a result of the establishment of H&W.

H&W refers to itself as a “registered investment adviser” in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, H&W is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser is not an indication that H&W or its directors, officers, employees or representatives have attained a particular level of skill or ability.

Valuations and returns are stated in U.S. dollars. Investment returns include reinvestment of dividends, interest, and capital gains. Gross performance results are presented before management and custodial fees but after all trading expenses. Net performance results are presented after actual management fees (including performance-based fees if applicable) and all trading expenses but before custodial fees. H&W’s management fees are described in Part II of its Form ADV. The standard Small Cap Value management fee schedule is 100 basis points on assets managed. Internal dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the Composite for the entire year. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is no guarantee of future performance.

Composite: The Composite includes all Small Cap Value discretionary accounts. The Small Cap Value investment strategy seeks capital appreciation primarily through investments in common stocks of small cap U.S. companies. The typical market cap range is \$100 million to \$3 billion and the number of stocks in the portfolio generally ranges from 50 – 100 securities. Accounts with significant cash flows ($\geq 10\%$ of beginning of the month assets for the periods January 1, 2006 through December 31, 2010, and $\geq 25\%$ effective January 1, 2011) are excluded from the respective month’s composite calculation and included in the subsequent month. (Composite creation: 1985)

Indexes: The Russell 2000® Index (“R2000”), an unmanaged index, measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Russell 2000® Value Index (“R2000V”) measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The indexes assume reinvestment of dividends and capital gains, and assumes no management, custody, transaction or other expenses. The value disciplines used in managing the accounts in the Composite may prevent or limit investment in major stocks in the R2000 and R2000V and returns may not be correlated to the indexes. Benchmark returns are not covered by the report of independent verifiers.

The 3-year annualized standard deviation measures the variability of the composite (using gross returns) and the benchmark(s) returns over the preceding 36-month period ended:

	3-Year Annualized Standard Deviation (%)		
	Composite	R2000	R2000V
2011	29.4	25.0	26.0

Endnotes

Hotchkis & Wiley selected the representative firm-wide clients listed based on a variety of objective criteria including the type (corporate, non-profit, public, Taft-Hartley and subadvisory), size and strategy of the account. It is not known whether or not the listed clients approve or disapprove the services provided by Hotchkis & Wiley.

Hotchkis & Wiley (UK) Limited "HWUK", is a wholly-owned subsidiary of Hotchkis & Wiley. HWUK is authorized and regulated by the Financial Services Authority as an investment manager in the United Kingdom. All investment management function of HWUK is subadvised to Hotchkis & Wiley.

Investment returns include reinvestment of dividends, interest and capital gains. Valuation is based on trade-date information. The investment returns presented gross of fees do not reflect the deduction of investment advisory fees. Actual returns will be reduced by the amount of investment advisory fees and any other expenses, such as custody fees, incurred in the management of the account.

For example, if a client had experienced gross returns of 10% per year over a ten-year period, its initial US\$1,000 investment would have grown to US\$2,594.

Small Cap Value: If the client paid an annual investment management fee of 100 basis points, its net compounded returns would have averaged 9.00% per year and its investment would have grown to US\$2,367.

Standard fees are described in Part II of the Form ADV of H&W.

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