

Strategy Description

The Fundamental Value strategy exploits market mispricing by employing a consistent investment process centered on a balanced assessment of risk and return. Using rigorous, independent research, we invest in large cap companies that have sustainable cash flows, strong balance sheets, and are undervalued relative to their tangible assets and long term earnings power.



Strategy Information

- Asset Class: Large Cap Value Equity
- Style Benchmark: Russell 1000 Value Index
- Broad Benchmark: S&P 500 Index
- Strategy Assets: \$6.4 billion
- Inception Date: 1980
- Number of Stocks: 40 – 60
- Capitalization Range: >\$3 billion
- Open to new investors
- Separate Account Minimum: \$15 million

Portfolio Characteristics

	Portfolio	Russell 1000 Value
Projected P/E (FY2)	8.9x	10.5x
Price/Normal Earnings	7.9x	11.2x
Price/Book	1.2x	1.4x
Price/Sales	0.8x	1.0x
Dividend Yield	3.1%	2.6%
Payout Yield	8.0%	5.8%
Wtd Avg Market Capitalization (million)	\$70,270	\$73,634
Median Market Capitalization (million)	\$23,312	\$4,597
Number of Stocks	52	656

Top Ten Stocks¹

JPMorgan Chase & Co.	4.6%
Hewlett-Packard Co.	4.6
Wells Fargo & Co.	4.4
Royal Dutch Shell	4.1
Allstate Corp.	4.1
Exelon Corp.	3.5
Lockheed Martin Corp.	3.5
Vodafone Group PLC	3.3
ConocoPhillips	3.1
Comcast Corp.	3.0

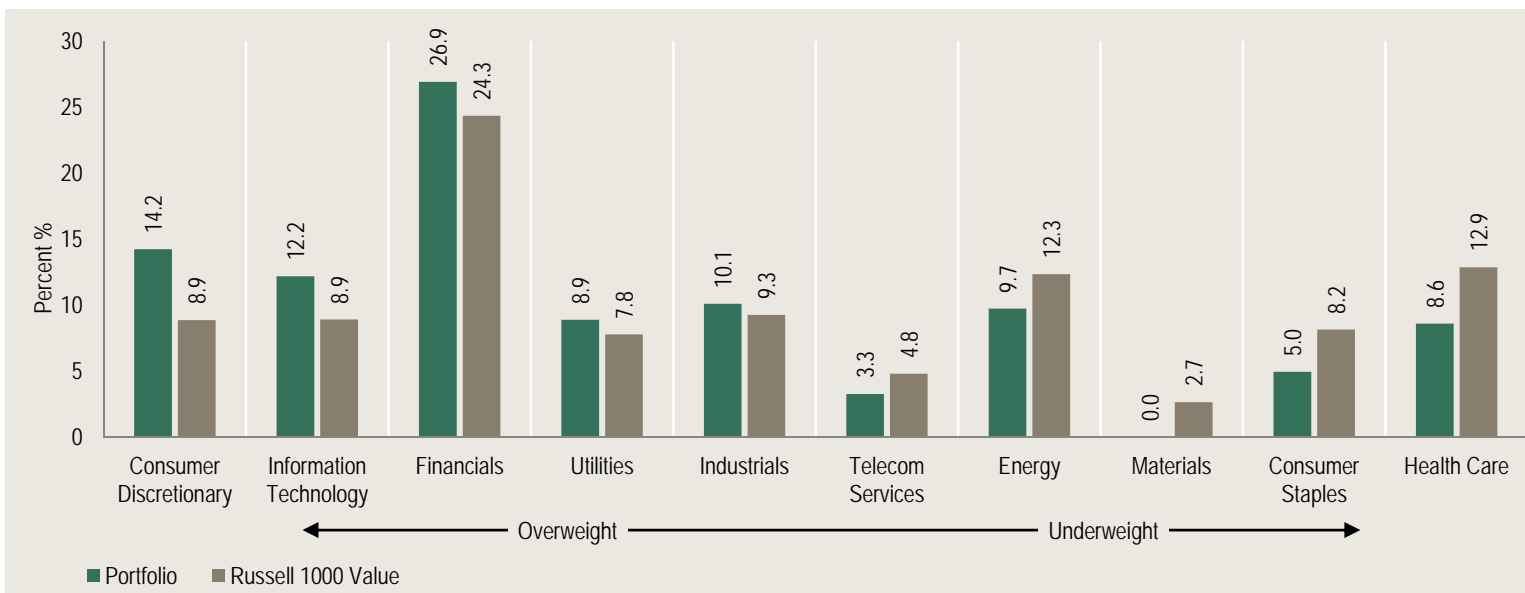
Firm Facts

- ▶ Founded in 1980
- ▶ \$16 billion in assets under management
- ▶ Majority-owned by employees
- ▶ Bottom-up, research-driven approach

What to Expect

- ▶ Consistent style
- ▶ Low price-to-normal earnings
- ▶ High payout yield
- ▶ Distinct from benchmark
- ▶ Fully Invested

Sector Weights¹



¹ % of Total Portfolio

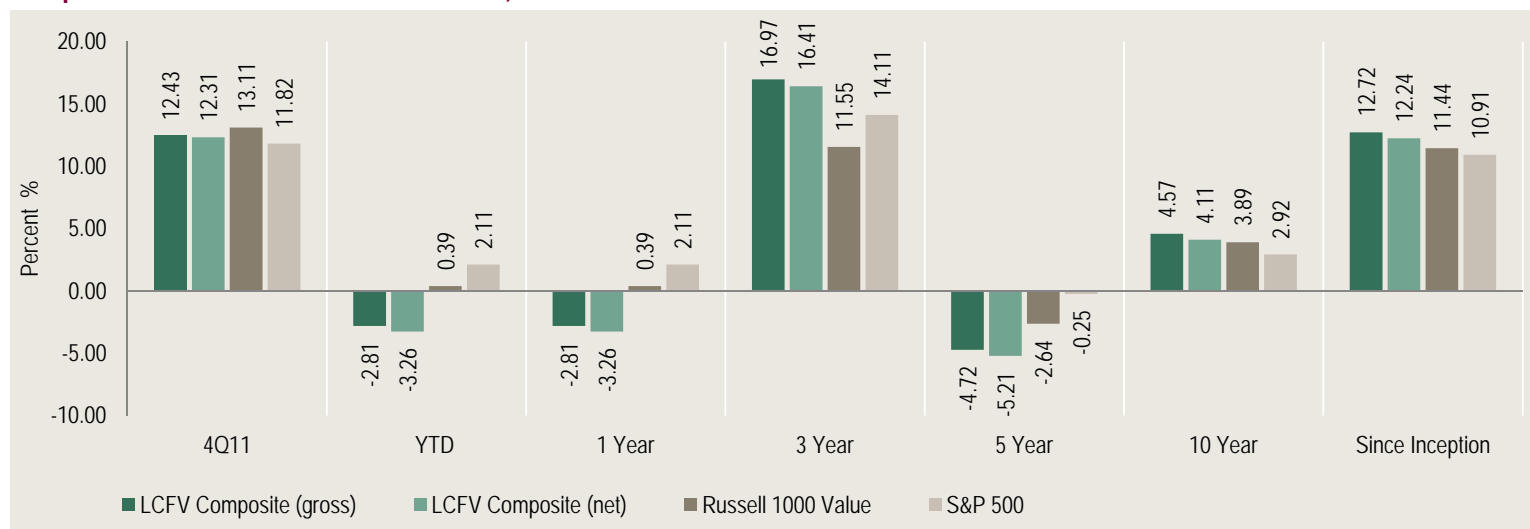
Data source: H&W, FactSet, Bloomberg

Informational purposes and should not be considered as investment recommendations. Information provided is based on a representative portfolio of the Large Cap Fundamental Value strategy. Sector and/or industry weights, statistics, and holdings may vary due to different restrictions, cash flows, and other relevant considerations. Information is subject to change and may not be representative of the strategy's current holdings. Statistics presented may be based on proprietary or third-party estimates, which are subject to change and cannot be guaranteed.

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LARGE CAP FUNDAMENTAL VALUE

Composite Performance as of December 31, 2011



Commencement of Large Cap Fundamental Value (LCFV) Composite: 7/1/80. Periods over one year are average annualized total return.

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, 2010. The verification reports are available upon request. 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 Large Cap Fundamental Value Composite has been examined for the periods July 1, 1980 through December 31, 2010. 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.

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 Large Cap Fundamental Value management fee schedule is 75 basis points on the first \$15 million and 50 basis points after \$15 million. Internal dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the Composite for the entire year. Additional information regarding policies for valuing portfolios, calculating performance, preparing compliant presentations, treatment of significant cash flows and a complete list and description of all Firm composites are available upon request. Past performance is no guarantee of future performance.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return S&P	% Total Return R1000V	# of Accts	Internal Dispersion (%)	Comp. Assets (\$mm)	Total Firm Assets (\$mm)
2011	-2.8	-3.3	2.1	0.4	33	0.3	5,953	16,171
2010	20.8	20.3	15.1	15.5	29	0.2	6,891	18,148
2009	36.3	35.6	26.5	19.7	34	0.7	6,290	14,494
2008	-45.6	-46.0	-37.0	-36.9	42	0.8	4,078	10,807
2007	-9.8	-10.3	5.5	-0.2	67	0.3	10,878	27,698
2006	14.7	14.2	15.8	22.2	81	0.3	15,116	35,571
2005	8.0	7.6	4.9	7.1	77	0.5	8,001	29,613
2004	22.7	22.2	10.9	16.5	41	0.7	7,069	19,482
2003	43.6	43.1	28.7	30.0	24	0.5	4,224	9,634
2002	-8.7	-9.1	-22.1	-15.5	21	0.9	3,355	4,884

Composite: The Composite includes all Large Cap Fundamental Value discretionary accounts with a minimum market value of \$10 million (\$5 million prior to 1985). The Large Cap Fundamental Value investment strategy seeks current income and long-term growth of income, as well as capital appreciation, primarily through investments in common stocks of large cap U.S. companies. Prior to November 2001, the Composite included equity segments of balanced accounts, with its appropriate cash allocation. Cash is allocated to the carve-out segment returns on a pro rata basis depending on the proportion of equity assets to total portfolio assets based on beginning-of-period market values. The typical market cap range is over \$3 billion and the number of stocks in the portfolio generally ranges from 40 – 60 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: 1980)

Indexes: The S&P 500® Index ("S&P") is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The Russell 1000® Value Index ("R1000V") measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. These stock indexes assume reinvestment of dividends and capital gains, and assume 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 S&P and R1000V and returns may not be correlated to the indexes. R1000V is provided as supplemental information. 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	S&P	R1000V
2011	24.4	18.7	20.7

