

Strategy Description

The Small Cap Value strategy uses a disciplined, value-oriented investment process. Through our consistent process and independent research, we own small companies that we believe are undervalued relative to their tangible assets, have sustainable cash flow and potential for improving business performance.



Strategy Information

- Asset Class: Small Cap Value Equity
- Style Benchmark: Russell 2000 Value Index
- Broad Benchmark: Russell 2000 Index
- Strategy Assets: \$881 million
- Inception Date: 1985
- Number of Stocks: 50 – 100
- Capitalization Range: \$100 million – \$3 billion
- Open to new investors
- Separate Account Minimum: \$15 million

Portfolio Characteristics

	Portfolio	Russell 2000 Value
Projected P/E (FY2)	9.9x	12.0x
Price/Normal Earnings	6.5x	11.9x
Price/Book	1.0x	1.2x
Price/Sales	0.5x	0.8x
Dividend Yield	1.5%	2.2%
Payout Yield	4.6%	3.8%
Wtd Avg Market Capitalization (million)	\$1,493	\$1,074
Median Market Capitalization (million)	\$1,091	\$406
Number of Stocks	54	1,354

Top Ten Stocks¹

Valassis Communications	5.1%
MI Developments Inc.	4.8
Great Plains Energy Inc.	4.7
Con-Way Inc.	4.5
Huntington Ingalls Industries	4.5
Alliant Techsystems Inc.	4.0
Hudson Highland Group	3.4
Global Indemnity PLC	3.4
Stone Energy Corp.	3.3
Quiksilver Inc.	3.3

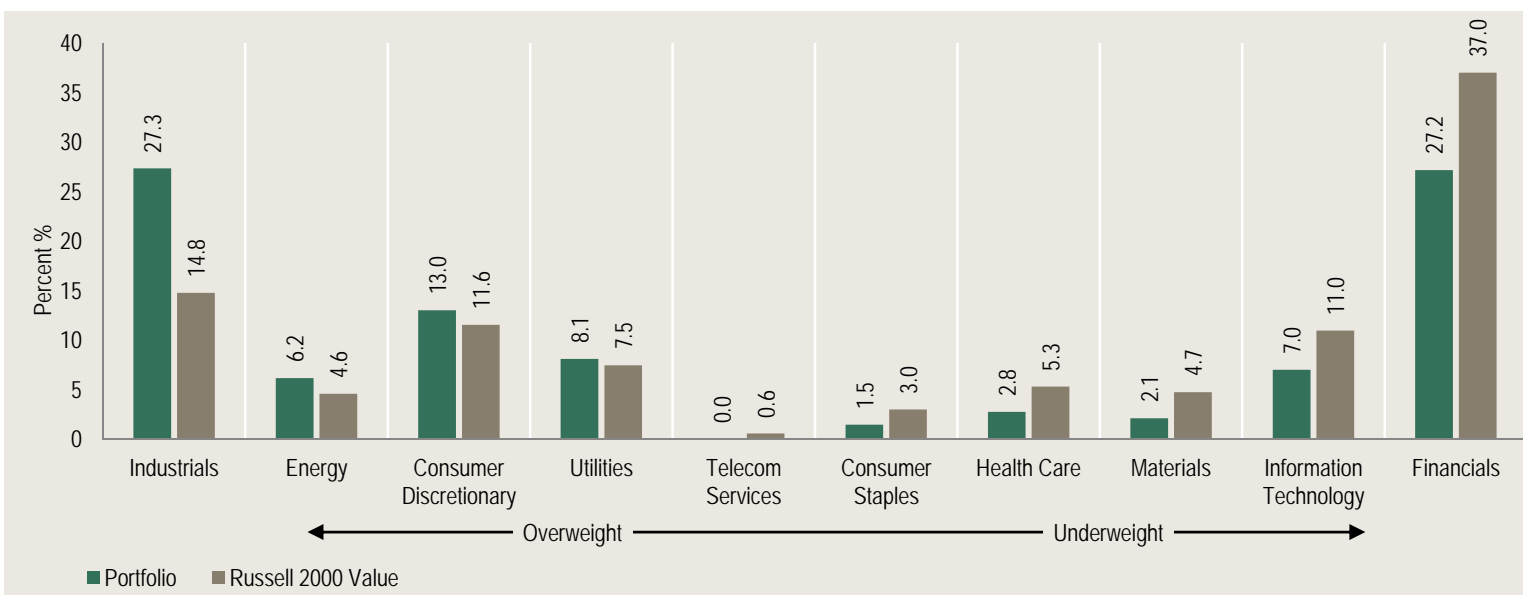
Firm Facts

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

What to Expect

- ▶ Consistent style
- ▶ Controlled asset growth
- ▶ Low price-to-normal earnings
- ▶ Distinct from benchmark
- ▶ Fully Invested

Sector Weights¹



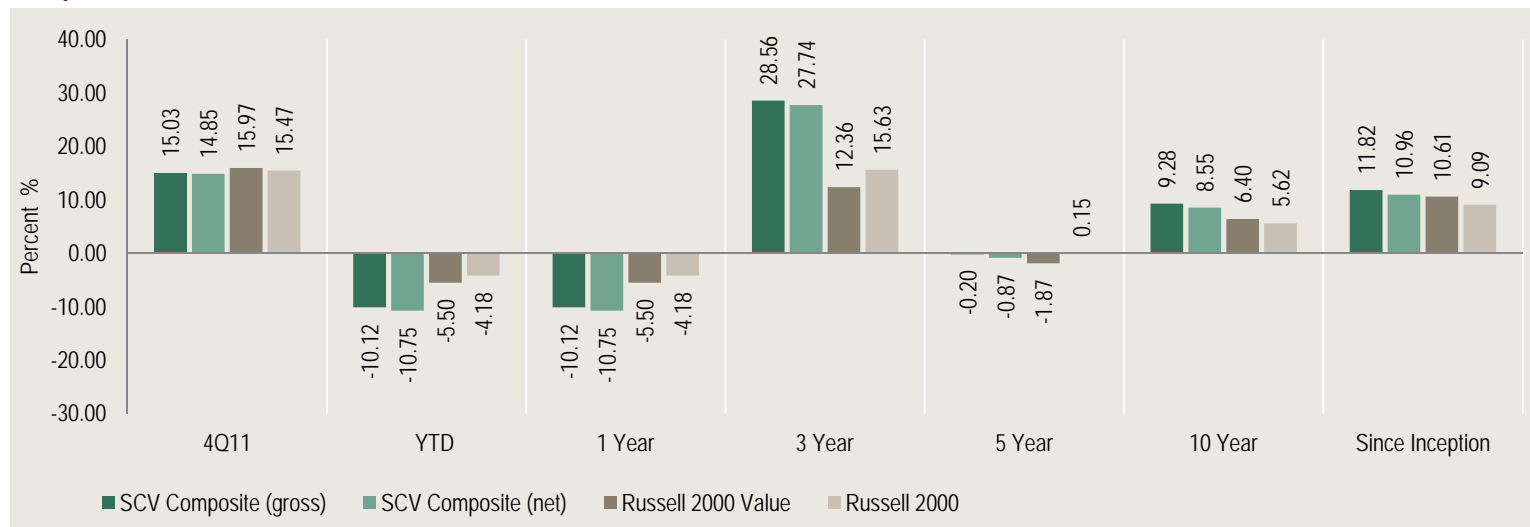
¹ % of Total Portfolio

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 Small Cap 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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Composite Performance as of December 31, 2011



Commencement of Small Cap Value (SCV) Composite: 10/1/85. 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 Small Cap Value Composite has been examined for the periods October 1, 1985 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 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. 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 R2000	% Total Return R2000V	# of Accts	Internal Dispersion (%)	Comp. Assets (\$mm)	Total Firm Assets (\$mm)
2011	-10.1	-10.8	-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.

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. R2000V 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	R2000	R2000V
2011	29.4	25.0	26.0

