

**EMERGING MANAGERS CONFERENCE**  
**PRESENTATION BY JOE HUBER**  
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Good afternoon and thank you for giving me the opportunity to speak today about Huber Capital Management. We are a long only U.S. equity value manager headquartered in Los Angeles.

Founded in 2007, Huber Capital Management brings together an experienced group of portfolio managers committed to a disciplined, value-based investment process which utilizes best practices of both fundamental research and behavioral psychology to create a distinctive investment approach.

A quick background about myself: I started working on Wall St. for Goldman Sachs Asset Management during the 1990s, first as an analyst and eventually as a portfolio manager. For the eight years prior to the formation of Huber Capital Management, I served as Director of Research for Hotchkis and Wiley Capital Management.

Having been part of two very successful organizations that grew from small asset bases to 10's of billions in assets, I have had the opportunity to observe what makes a relationship successful from a client's standpoint. The reality of this business today is that we live in a world where three and five year track records are king, and we ignore the baggage associated with it, namely large asset sizes that add significantly to trading costs and severely diminish the size of the investible universe in addition to the associated complacency that comes with success. My observation of what drives client value is vastly different. I believe that it is the PEOPLE, PRODUCTS, PHILOSOPHY, and PROCESS which ultimately drive performance.

We are attending this conference to discover plan managers who believe in this philosophy in as much the same way as you the audience are looking for the great asset management firms of tomorrow.

**PEOPLE:** Our people matter. Our culture is team-oriented and learning-based, while our organization encourages individual initiative within a process-oriented research framework. Unlike most emerging managers, we have a very deep and established team. Our four Principals have over 70 years of investment experience. Each Partner left very successful positions to move their families to Los Angeles. We are 100% employee owned and have personally contributed in excess of \$10 million to overcapitalize our balance sheet. We did this because in doing so, we show potential clients that we have a full dedication to the business regardless of the level of success on the marketing front. We are fully committed to our goal of not only delivering a superior product, but sustaining it over time.

**PRODUCTS:** We are singularly focused on long-only, U.S. value equity products.

**PHILOSOPHY:** Our decisions are guided by a core set of beliefs: that value is a timeless, rather than timely investment style, that risk is best measured by permanent loss of capital, not

volatility, and that consistently superior returns come from a superior process applied consistently.

Our clients come first. Our paramount goal is to provide clients with superior risk-adjusted returns over the long-term while maintaining the highest levels of customer service.

**PROCESS:** Our process is one that I have employed for almost two decades. It combines what I consider to be the best practices of a reversion based value philosophy combined with behavioral heuristics along with two core components that are unique to the marketplace. The first is a development of a “red flags” list. This list is paramount to our process, both as a post screen tool to help us distinguish value companies from proverbial value traps, and as a monitoring tool to help spot problems in a business before they show up on the income statement. This list is a 20/20 hindsight tool that has evolved from investing mistakes that I or others have made throughout the years. While we will surely make mistakes in the future, on those occasions, we will learn from them to avoid repeating them.

The second unique part of our process is how we approach valuing a business. Most corporations consist of many, often diverse businesses which make-up the aggregate corporation. Yet, most valuation methods extrapolate this aggregated data. While this technique works well 80% of the time, it is the instances where it doesn't that we add the most alpha to the portfolios. The trouble with valuing a business in this manner is that regulators do not require businesses to provide detailed balance sheets and cash flow statements. We have developed tools in-house to rebuild these based on publicly available data. It is a very time consuming and labor intensive process that generally takes hundreds of hours to complete, but one in which we believe will ultimately benefit the portfolios and our clients with superior performance.

In summary, I believe we have in place the people, products, philosophy, and process to provide superior long-term performance that will benefit the client both today and in the future. In closing, I would like to leave you with the ten core tenets on which we were founded:

#### THE TEN TENETS

- 10) Bigger is not necessarily better.**
- 9) Act with honesty and integrity. Be straightforward always.**
- 8) Be innovative, creative, and flexible.**
- 7) Admit mistakes. Learn from them and don't repeat them.**
- 6) Work hard. Your competitors are trying to catch up.**
- 5) Treat others as you would like to be treated.**
- 4) Remember that you have the onus of investing for the well-being of others.**
- 3) Fight complacency. Your past successes are in the past.**
- 2) The best investing styles are timeless, not timely.**
- 1) Clients come first. Think of them and you will always be successful.**

Thank you for the opportunity to speak to you about Huber Capital Management.