HUBER CAPITAL MANAGEMENT

Investment Advisor

FIRM UPDATE
Year 2010 Review

- Firm-wide asset growth of 50% in the fourth quarter and 500% since the beginning of the year
- Strong investment performance for both the Small Cap Value product and Equity Income product for 2010 and inception-to-date results
- Completed a three-year track record on July 1st for Small Cap Value and Equity Income products
- No turnover in clients or personnel since the firm's inception

Since starting Huber Capital Management four years ago, we have experienced a rather interesting succession of market conditions that have presented exciting opportunities, humbling moments, and proud accomplishments. 2010 marked a breakout period for our firm, both in terms of asset growth and investment performance. In terms of asset growth, we were happy to welcome one new institutional account to our family in the fourth quarter and six new accounts since the beginning of the year. Asset growth has increased by nearly 50% during the fourth quarter and six-fold since the beginning of the year. In terms of investment results, we were pleased to complete our three-year track record on July 1, with investment results in both products that placed us in the top decile of investment managers in terms of performance since inception. We are proud yet humbled by this performance, and will continue to work hard to earn the trust our clients have placed in us.

Investment Performance Review

Small Cap Value

Date	Gross of Fees	Net of Fees	Russell 2000 Value
2010	40.42%	38.93%	24.50%
ITD Annualized*	4.86%	3.63%	-2.13%

Equity Income

Date	Gross of Fees	Net of Fees	Russell 1000 Value
2010	18.24%	16.96%	15.51%
ITD Annualized*	-1.10%	-2.46%	-5.50%

Please see accompanying footnotes.

*Inception date of composite returns is 07/01/07. ITD composite returns are ending 12/31/10.

2010 marked a year of strong performance for both of our products. In Small Cap Value, we generated a net return of 38.93%, which significantly beat the benchmark Russell 2000 Value of 24.5%, while for Equity Income, the net return was 16.96%, modestly ahead of the 15.51% for the benchmark Russell 1000 Value. In Small Cap Value, our most dramatic outperformance was in the Financial Services and Consumer Discretionary sectors. The big performers within Financial Services were Virtus Investment Partners, MI Developments, and EZCorp, while the major contributors in Consumer Discretionary were Global Traffic Network (discussed later) and Lennar. In Equity Income, the primary sector contributors were Consumer Staples and Financial Services. Within Consumer Staples, NBTY and Philip Morris International were the stars while the positive results in Financial Services performance benefited from good performance from XL Group and CNO Financial. The beta for both products, since inception, is less than 1.0.

"Most people are other people. Their thoughts are someone else's opinions, their lives a mimicry, their passions a quotation." -- Oscar Wilde

One of the tenets that we preach to clients and consultants is that we are benchmark agnostic. That is not meant to imply that we are benchmark atheists. After all, we certainly believe in the importance of diversification. However, we have never found it necessary or advisable to copy the benchmark. Products highly correlated with the benchmark offer little in the way of enhancing returns for a given level of risk. Furthermore, such products raise two additional problems. First, most major indices follow a price momentum strategy, which, in its most basic form, means that the more the price of a security rises relative to the benchmark, the more heavily that security is weighted in the benchmark, and the less diversified that benchmark becomes. For example, technology and telecom represented 26.7% of the S&P 500 index in March 2000, but only 20.3% in March 2007. Meanwhile, financials represented 17.6% of the S&P 500 in March 2007 and only 8.9% in March 2009. Believing in the obvious benefits of a buy low, sell high philosophy, we would argue that in both instances, we would have preferred raising our exposure to the stocks and sectors only after their weight within the index had declined—exactly the opposite strategy that one would be following by developing products that closely mimic a benchmark.

The second problem with copying the benchmark is that it overlooks underpriced securities in other sectors that benefit from the same underlying factors driving a particular, higher-weighted sector. By remaining benchmark agnostic, we can build a portfolio using a multi-factor model that gives us exposure to economic factors in certain industries with securities from other industries. For example, deregulated nuclear producers such as Exelon (NYSE: EXC) or NextEra Energy (NYSE: NEE), capture upside to oil prices, while providing downside protection should oil prices fall. Investors viewing only a traditional attribution analysis would not appreciate that energy exposure. Only by digging deeper can one see that the factor exposure is clearly there.

Speaking of factor exposures, we are often asked about gold, which has experienced significant appreciation over the last few years. Many industry pundits have a view that gold prices will continue to rise. Many others have the view that gold represents a bubble that will eventually burst. We do not have an opinion. Rather than take a speculative position, we have positioned our portfolio to benefit if gold prices continue to rise and to provide downside protection should it fall.

One way to invest in gold is through mining companies with direct exposure to the commodity. In our opinion, the price of those companies is not sufficiently low enough to provide our clients with adequate downside protection should the price of gold fall. We have exposure through investing in businesses that own pawn shops, whose underlying businesses are impacted by the price of gold. In our small cap value product, we currently own EZCORP, Inc. (NASDAQ: EZPW), and in large cap we have invested in Cash America International (NYSE: CSH). EZCORP has over 40% of their net tangible equity tied to gold or gold-backed assets, trades at a low double digits multiple of current year's earnings, and has posted a compounded annualized earnings growth rate in excess of 30% over the past five years, which includes a period of robust growth even while gold prices were moderating. Who needs Freeport McMoran when we can strike it rich in the pawn shops!

"A 'fallacy of division' occurs when one reasons logically that something true of a thing must also be true of all or some of its parts."   -- Webster's Online Dictionary

Just as we do not blindly copy benchmark weightings, we often do not value companies at the unit of analysis presented by management teams or other analysts. Indeed, one of the most important ways that we seek to add value in the research process is through breaking apart a company into its constituent parts when most investors continue to analyze it monolithically. By dissecting a firm's varied operations, one often can find hidden value. An example of such a situation that we uncovered in the last year was Global Traffic Network (NASDAQ: GNET).

Global Traffic Network provides traffic services to radio stations in several geographic markets outside the United States. In return for providing these services as well as cash payments, GNET is essentially sold the media time on the stations which it then sells to advertisers. A key attribute of the business is that it requires a certain level of scale within a geographic market to be profitable. Once scale is created, incremental margins can approach and sometimes even exceed 80%. The negative in the business is that it can be unprofitable at low to moderate levels of market share.

A cursory review of GNET revealed a company that overall was not generating any earnings trading at $4.50 per share. However, a more detailed analysis presented a different picture. GNET actually had three traffic services businesses operating in different geographies; Australia, Canada and the UK. While the business model employed and services provided were essentially the same across the three geographies, each operation was at a different stage of its economic life and at a different point on its scalability curve. One business, Australia, was the most mature, with a virtual monopoly in that country. That business generated huge (30%) EBITDA margins, had minimal required capital expenditures, nearly infinite returns on incremental capital, and a franchise lock on the market. Canada and the UK were newer businesses that were both losing money—not because they were poorly managed or had poor business models, but because they were earlier in their evolution. The losses from these other businesses, combined with corporate overhead, wiped out all of the profits from Australia. Thus, anyone looking solely at the bottom line would see no visible earnings and would conclude that the stock was, if anything, overvalued at $4.50.

In our research and analysis process, we separately analyzed each business to determine its value standing on its own. In looking at the Australia operation, which itself generated $0.45 of EPS, we estimated the value to be $6.00 to $7.00 per share, based upon both a multiple of earnings, as well as through a dividend discount model. Thus, the Australia business alone was worth more than the entire market capitalization of the company. This meant that an investor buying GNET's Australia business could receive the Canadian and UK businesses for free. While those businesses were not profitable, management had a demonstrated history of dramatically growing revenues and margins of a similar business in a different geography, Australia, and was using that same business model in these other countries. Further mitigating the downside risk to the equity position was the fact that management could shut down these other operations at any time without any significant impact to the Australia business. Hence, the operations in Canada and the UK were free options in the overall investment, with limited downside risk but significant upside potential. A valuation of the earnings potential in these two less mature businesses, using the same methodologies employed to value the Australia operation, revealed an additional $5.00 of expected value. To boot, GNET had $1.50 per share in net cash earning a very low return on capital—funds that could be deployed for accretive acquisitions or stock buybacks to further enhance value.

Rather than following others' preference for analyzing GNET at the aggregate firm-wide level, our process probed more deeply. As a consequence, what appeared to others as an overvalued security was uncovered under our analysis as a materially undervalued stock and very attractive investment.

"Performance is the output of a consistency of process, people, philosophy and product."
-- Joe Huber

As always, we continue to field a consistent and dedicated team with more than 70 years of collective experience. We manage a well-capitalized firm that will stay 100% employee-owned. Most important, we remain committed to the key values (see below) that inform our organization, our people and everything we do.

We are proud of our accomplishments, humbled by the market and excited about our opportunities.

Sincerely,

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Huber Capital Management's Ten Key Values

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.

FOOTNOTES

Annualized Performance (as of 12/31/10):

SMALL CAP VALUE PRODUCT

	4Q10	1 Year	3 Years	Since Inception*
Small Cap Value Composite[1]				
-- Gross	21.90%	40.42%	12.12%	4.86%
-- Net	21.58%	38.93%	10.94%	3.63%
Russell 2000 Value Index	15.36%	24.50%	2.19%	-2.13%

*Inception date of composite returns is 07/01/07.

EQUITY INCOME PRODUCT

	4Q10	1 Year	3 Years	Since Inception*
Equity Income Composite[1]				
-- Gross	9.82%	18.24%	-3.16%	-1.10%
-- Net	9.61%	16.96%	-4.48%	-2.46%
Russell 1000 Value Index	10.54%	15.51%	-4.42%	-5.50%

*Inception date of composite returns is 07/01/07.

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[1]Compilation (composite) performance for both products reflects performance returns of multiple accounts managed by Huber Capital Management in that particular investment style during that particular investment period, commencing 7/1/07. These compilations, prepared by a third party vendor and believed to be accurate, consist of two accounts in the small cap style and four accounts in the equity income style, and are not GIPS compliant. Compilations may exclude certain accounts for certain periods of time to the extent such accounts deviate significantly from the particular investment style.

From time to time the portfolios may invest in shares of companies through initial public offerings (IPOs). IPOs have the potential to produce substantial gains. There is no assurance that the portfolios will have continued access to profitable IPOs and as a portfolio's assets grow, the impact of an IPO investment may decline. Therefore investors should not rely on these past gains as an indication of future performance.

Gross performance returns are time-weighted rates of return based on the Daily Valuation Method, and are presented before advisory fees, but after custodial fees and brokerage commissions. Performance returns include cash, cash equivalents, accrued income and reinvestment of dividends and income. A client's return will be reduced by the advisory fees and other expenses incurred as a client. Our fees are described in Part II of our Form ADV. Advisory fees will have a compounding effect, over a period of years, on the value of a client's portfolio. For example, an annual fee of 50 basis points charged quarterly for 5 years will result in a compounded aggregate investment advisory fee of 252.5 basis points.

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The Russell 2000 Value Index (RV2000) consists of the small-cap value segment of the U.S. equity universe. The Russell 1000 Value Index (RV1000) consists of the large-cap value segment of the U.S. equity universe. Performance of these indexes does not reflect any fees, expenses, or taxes. Investors cannot directly invest in the indexes.

Additional information is available upon request.