FIRM UPDATE
2011 Review

- Firm-wide asset growth for 11 consecutive quarters and nearly tripled assets under management for the year
- Strong investment performance for both the Small Cap Value product and Equity Income product for full year 2011 and inception-to-date results
- Huber Fund Family growth of over 100% for the third consecutive year and no short or long-term gains for fourth consecutive year
- Completed a four-year track record on July 1st for Small Cap Value and Equity Income products
- Significant staff augmentation
- No turnover in clients or personnel since the firm's inception

Since starting Huber Capital Management over four years ago, we have experienced a rather interesting succession of market conditions that have presented exciting opportunities, humbling moments, and proud accomplishments. 2011 continued a significant growth curve and evolution for our firm, both in terms of asset growth and investment performance. In terms of asset growth, we were happy to welcome 17 new institutional accounts to our family. Assets under management increased for the year to $928 million and have grown for 11 consecutive quarters. In terms of investment results, we were pleased to complete our four-year track record on July 1, with investment results in both products that placed us in the top percentile 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	2011	ITD Annualized*
Gross of Fees	0.52%	3.88%
Net of Fees	-0.49%	2.70%
Russell 2000 Value	-5.50%	-2.89%

Equity Income

Date	2011	ITD Annualized*
Gross of Fees	4.95%	0.21%
Net of Fees	4.29%	-1.00%
Russell 1000 Value	2.11%	-4.22%

Please see accompanying footnotes.

*Inception date of composite returns is 07/01/07. ITD composite returns are ending 12/31/11.

2011 has marked a year of continued volatility in the U.S. equity market. In Small Cap Value, we generated a net return of -0.49%, which significantly beat the benchmark Russell 2000 Value of -5.50%, while for Equity Income, the net return was 4.64%, ahead of the 0.39% 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 and Global Cash Access, while the major contributors in Consumer Discretionary were Global Traffic Network and Rent-A-Center. In Equity Income, the primary sector contributors were Consumer Staples and Financial Services. Within Consumer Staples, Philip Morris International was the best performer while the positive results in Financial Services performance came from Mastercard and Cash America International. The beta for both products, since inception, is less than 1.0.

We are happy with our performance in 2011. In volatile markets such as these, it is important to offer a level of downside protection in the portfolio. Our process, which is designed to offer downside protection first and upside potential second, seems to be accomplishing the desired results. For example, our pawn investments (discussed in our 4Q 2010 report) have yielded strong returns for their gold exposure in a period of rising gold prices while providing protection not offered by gold miners should the underlying commodity prices fall. Alternatively, our large insurance weight which provided nice upside exposure in 2010 as corporate bond spreads compressed, provided downside protection versus the banks in 2011 as asset volatility increased. In our opinion, having the flexibility to invest across the applicable index while being relatively liquid in our investments, provides us a sustainable investing advantage over our larger counterparts.

THE COST OF DIVIDENDS

While it is important to provide downside protection, we recognize that the protection is merely a path to a goal at the end of the day. If that long-term goal is not met, plans become underfunded, retirements delayed, or capital spending deferred.

"Apes don't read philosophy."
"Yes they do Otto. They just don't understand it. Now let me correct you on a couple of things, OK? Aristotle was not Belgian, the central message of Buddhism is not 'Every man for himself,' and the London Underground is not a political movement."
-- A Fish Called Wanda (1988)

Most people who have ever taken a basic finance class know the concepts of cost of debt and cost of equity. Certainly it is fair to assume the executives and boards of Fortune 500 companies have heard of these concepts. The problem is that generally they, "just don't understand it." The theory goes somewhat along these lines: The more volatile the cash flow stream of a company, the more its cost of debt (before and after tax) will be. An optimal balance sheet will be one where it will run levered enough so that its after tax cost of debt will approach its cost of equity while retaining a large enough discount so as not to materially risk solvency. Therefore, it is safe to assume, that a business with steady predictable cash flows, should run with higher leverage than one with volatile cash flows. When we examine the businesses in the S&P 500 Index, empirical evidence appears to be quite counter to the theory. We see that the boards and managements of large, economically sensitive industrials with volatile cash flow, underfunded pensions, and off balance sheet environmental liabilities are running their businesses with the largest leverage (except Banks), while steady cash flow technology and pharmaceutical companies with few off balance sheet liabilities run their balance sheets as glorified money market funds. What's further perplexing is that many of these companies pay lower dividends than their industrial brethren. A basic finance professor will refer to this type of inefficiency as opportunity cost. We refer to it as capital destruction.

Public businesses have essentially seven choices to make when it comes to how to use free cash flow. They can (1) Pay dividends (2) Buy back stock (3) Hold it as cash (capital destruction) (4) Pay down debt

Investment Advisor

(5) Invest in maintenance CapEx projects (maintain the widget factory) (6) Invest in growth CapEx projects (build a new widget factory) (7) make acquisitions. In our piece entitled "When Good Growth Goes Bad" we examined the cognitive decision glows of boards and management with regards to acquisitions as they move from the growth part of their life cycle to the maturation part. Today we would like to address those businesses whose model is to run with a suboptimal balance sheet.

"Many investors question all the cash we hold on or balance sheet. I suspect they will still be questioning us a decade from now" – Steve Ballmer, CEO Microsoft

While cash is one of the ultimate preservers of capital (not economic capital), it is not the level of risk that equity owners are looking for. Our large cap value Equity Income product sported a 6.85% payout yield (dividend yield + buyback yield) as of 12/31/2011. This compares to a ten year bond of 1.87% and the 10 or so basis points Mr. Ballmer gets for investing cash on our behalf. In addition, the businesses in our portfolio have expected growth rates of 8.25% which should only increase our payouts over time. This is not to say Microsoft is not a cheap stock, but that its intrinsic value of embedded capital is reduced by the present value of the loss opportunity cost, or as we refer to it, capital destruction. Mr. Ballmer, tear down that balance sheet.

At Huber Capital we stress downside protection first and upside opportunity second. However, taking a certain level of risk is a good thing and it is what allows us to step away from the cognitive decision flaws of the market and strive to produce long-term results in excess of the 10 basis points. Only this way can we help our clients attain their long-term capital needs.

Finally, and most important, our asset gathering success allowed us the opportunity to bring in some extraordinary talent into the organization. In March, Martha Theus come on board to handle our financial and accounting needs. In July, on my third try, I was able to bring Tom Schloemer on board as a portfolio manager. Below are their respective biographies. We welcome them to the Huber Capital family.

Martha Theus provides accounting services to Huber Capital Management. Prior to joining Huber Capital Mrs. Theus has served as Chief Financial Officer accounting advisor for various companies. Her experience includes providing expertise and guidance in the areas of business development and strategic planning, accounting system design and implementation, business acquisition and due diligence, investor reporting, IPO SEC documentation preparation, internal controls reviews and policy implementation. Prior to her work in private industry, she served as the Manager of Internal Audit for Lockheed Martin Corporation where she was responsible for a staff of Internal Auditors who oversaw financial and operational matters at four divisions in Southern California, Europe and South America. She did her public accounting work at Ernst & Young, LLP and graduated from the University of Michigan in Ann Arbor. She has been licensed as a CPA by the State of California since 1988.

Mr. Schloemer is a Portfolio Manager of Huber Capital Management. Prior to joining Huber Capital Management Mr. Schloemer was the Founder and Chief Investment Officer of Canyon Row Capital, a state registered investment advisor focused on concentrated value equity portfolios. He has also worked as a partner and portfolio manager at LeVasseur Capital Partners and Cooper & LeVasseur. Prior to entering the investment industry Mr. Schloemer worked as a consultant for McKinsey & Company. Mr. Schloemer graduated magna cum laude with a BA in English from Georgetown University (1990)

Investment Advisor

where he was also elected to membership in Phi Beta Kappa. He received his MBA degree from Stanford University (1997).

"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 remain 100% employee-owned. Most important, we remain committed to the key values (see below) that guide our organization, our people and everything we do.

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

Sincerely,

Joe Huber
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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.

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FOOTNOTES

Annualized Performance (as of 12/31/11):

SMALL CAP VALUE PRODUCT

	4Q11	1 Year	3 Years	Since Inception*
Small Cap Value Composite[1]				
-- Gross	17.09%	0.52%	37.95%	3.88%
-- Net	16.85%	-0.49%	36.54%	2.70%
Russell 2000 Value Index	15.97%	-5.50%	12.36%	-2.89%

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

EQUITY INCOME PRODUCT

	4Q11	1 Year	3 Years	Since Inception*
Equity Income Composite[1]				
-- Gross	11.38%	4.95%	26.55%	0.21%
-- Net	11.25%	4.29%	25.22%	-1.00%
Russell 1000 Value Index	13.11%	0.39%	11.55%	-4.22%

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

General Information About Huber Capital Management LLC

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Past performance is not indicative of future results. The future value of your investment may rise and fall with changes in the market. The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The material is not intended to provide, and should not be relied on for accounting, legal or tax advice, or investment recommendations.

[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 five accounts in the small cap style and fifteen 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.

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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.