FIRM UPDATE
3rd Quarter 2010

- Funding from four new accounts in the third quarter, increasing firm-wide assets in the quarter by nearly 200%
- Completing a 3-year track record on July 1st for the Small Cap Value and Equity Income products
- Quarter ending 9/30/10, our Small Cap Value product outperformed its benchmark by 437 basis points gross of fees, and by 407 basis points net of fees[1]
- Quarter ending 9/30/10, our Equity Income product outperformed its benchmark by 469 basis points gross of fees, and by 446 basis points net of fees[2]
- Year-to-date ending 9/30/10, our Small Cap Value product outperformed its benchmark by 727 basis points gross of fees, and by 635 basis points net of fees[1]
- Year-to-date ending 9/30/10, our Equity Income product outperformed its benchmark by 318 basis points gross of fees, and by 223 basis points net of fees[2]
- Since inception, our Small Cap Value product has outperformed its benchmark by 551 basis points gross of fees, and by 434 basis points net of fees annually[1]
- Since inception, our Equity Income product has outperformed its benchmark by 477 basis points gross of fees, and by 340 basis points net of fees annually[2]

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"I love winning! It's like better than losing." -- Nuke LaLoosh, Bull Durham (1988)

Since we started Huber Capital Management more than three years ago, we certainly have experienced a rather interesting series of market conditions that have presented exciting opportunities, proud accomplishments and humbling moments. However, the third quarter of 2010 marked a breakout period for us and our clients, as the firm hit some important achievements. We welcomed four new institutional accounts to our family, including three new corporate accounts and one new public plan, which helped to boost assets under management by almost 200%. Since the beginning of this year, we have received funding from five new clients and have seen our assets grow by more than 300%.

We reached a major milestone by completing on July 1st a three-year track record that places Huber Capital Management among the top decile of investment managers in terms of performance. Starting our fourth year, we continued to perform well for our clients through the third quarter. Our small cap product beat its benchmark by 437 basis points gross of fees (407 basis points net of fees) for the quarter. This brings Small Cap Value outperformance to 727 basis points gross of fees (635 basis points net of fees) for the year-to-date period, and to 551 basis points gross of fees (434 basis points net of fees) since inception. The Beta for our Small Cap Value product since inception is less than 1.0.

Our large cap product fared even better in the third quarter, beating the benchmark by 469 basis points gross of fees and (446 basis points net of fees). This brings Equity Income outperformance to 318 basis points (223 basis points net of fees) for the year-to-date period, and to 477 basis points gross of fees (340 basis points net of fees) since inception. The Beta for our Equity Income product since inception is less than 1.0.

Looking forward, we continue to focus our attention on companies that are prudently exploiting opportunities to enhance shareholder value arising during this current period of economic dislocation. Whether by repurchasing discounted stock or debt, streamlining operations, investing in growth initiatives or making cheap acquisitions, these companies are putting themselves in a more competitive position and should emerge from the recession in better shape than before the crisis.

"I'm the player to be named later." -- Crash Davis, Bull Durham

A former colleague at Goldman Sachs, Paul Farrell, used to talk about stocks under clouds (unloved) and under rocks (unknown). While both kinds can turn into investment home runs, we will discuss the latter in this update. Such investments tend to pop up under our idea-sourcing methods, and clearly highlight the merits of our disciplined investment process. We often find new investment ideas outside the traditional security screening process. While undertaking exhaustive research on a different company, we regularly investigate the various suppliers, customers, and competitors of the various divisions within a given public corporation. Such an investigation often leads us beyond the coverage areas of sell-side brokerage firms, where we encounter companies run by non-promotional managements that do not rely on bankers to grow their business. As a result, our due diligence process helps us to uncover stocks hidden rather deeply "under rocks." Given the confidence that we place in this investment process, we are happy to invest in such opportunities with the knowledge that such hidden gems are likely to be widely known and followed in the future.

"VIRTUS (adj) – of excellence, virtue, valor, manliness, courage, character, and worth"
-- Cassell's Latin Dictionary

One example of a stock we found under the rocks is Virtus Investment Partners (NASDAQ: VRTS), a Hartford-based asset management holding company with over $25 billion in assets under management. The company owns several brand name asset managers, such as Kayne Anderson, Duff & Phelps, and Zweig Funds, each pursuing their own specialization such as fixed income, equities, and the like. Such an asset management firm, specializing in retail mutual funds, could serve as a nice pure-play competitor through which we could analyze and evaluate the analogous asset management and trust divisions of our large-cap bank investments. Yet the company proved much more valuable than merely a comparable.

When we first discovered the name, Virtus was certainly hidden deeply under Mr. Farrell's proverbial rocks. The company was not covered by a single sell-side firm. Virtus had never made an acquisition or a divestiture in its entire history as a publicly-traded corporation. To the best of our knowledge, management had never spoken at a sell-side conference. And before April of this year, they had never even held an earnings release call!

When we started analyzing Virtus, we noticed the stock traded at an extremely low value of roughly $100 million in enterprise value as of the end of 2009. This implied a valuation, as measured by the ratio of total enterprise value to assets under management (see table below), well below its industry peers. This was especially surprising given that most of their assets are in mutual funds, which typically carry fees that are higher than the industry average. Stranger still, this apparent mispricing existed although the company had seen five consecutive quarters of positive net asset flows.

Company	TEV (6/30/10)	AUM ($Bln) (12/31/09)	TEV/AUM
US Global Investors (GROW)	$ 80,736,120	$ 2.7	2.99%
Diamond Hill (DHIL)	$ 146,185,124	$ 6.3	2.32%
EPOCH Holding (EPHC)	$ 236,378,500	$ 11.4	2.07%
Westood Holdings (WHG)	$ 267,322,530	$ 10.2	2.62%
Pzena (PZN)	$ 460,279,440	$ 14.3	3.22%
Cohen & Steers (CNS)	$ 772,005,804	$ 24.8	3.11%
Gamco (GBL)	$ 1,078,434,559	$ 26.3	4.10%
Artio Global Investors Inc. (ART)	$ 1,444,429,980	$ 56.0	2.58%
Waddell & Reed (WDR)	$ 1,787,377,760	$ 69.8	2.56%
Janus Capital Group Inc. (JNS)	$ 2,103,867,230	$ 159.7	1.32%
Eaton Vance (EV)	$ 3,283,533,200	$ 161.6	2.03%
Affiliated Managers (AMG)	$ 3,953,365,930	$ 208.0	1.90%
Invesco (IVZ)	$ 7,580,953,140	$ 423.1	1.79%
T. Rowe Price (TROW)	$ 10,302,069,330	$ 391.3	2.63%
Franklin Resources (BEN)	$ 16,169,577,020	$ 553.5	2.92%
Blackrock Inc. (BLK)	$ 34,905,881,440	$ 3,346.0	1.04%
Average			2.45%
Median			2.45%
Virtus (VRTS)	**$ 119,961,280**	**25.5**	**0.47%**

An analysis of the balance sheet and footnotes within the 10K yielded an even more stunning find: there was a $117 million deferred tax asset available to offset future taxes of an acquiring company. In essence, another company could buy a $117 million tax offset for $100 million and receive a $25 billion asset management business for free! Such an apparent gem-in-the-rough could only exist if buried deep under Mr. Farrell's proverbial rocks. Yet there were more winning aspects to Virtus still to be uncovered that would make the stock shine.

"Don't try and strike everybody out. Strikeouts are boring! Besides that, they're fascist. Throw some ground balls – it's more democratic." -- Crash Davis, Bull Durham

We often try to find as attractive investments those companies whose financials are below normal but are about to improve. An intensive meeting with the Virtus management team revealed that the company's margins were about to experience such an improvement. Operating margins at the company were abnormally low primarily because many of their assets were being managed by outside sub-advisers, leaving their internal managers without adequate scale. We learned from management that

Virtus enjoyed several low-risk opportunities to bring assets in-house in a straightforward manner, and that the company had already demonstrated success with this strategy. A summary of the margin-enhancing steps management described are summarized in the table below. What became clear was that Virtus did not need to hit a home run, but merely a series of singles and doubles to improve its margins.

Time	Low Hanging Fruit	FCF/Share Impact
4Q 2009	Capital Growth Fund moved in-house	$ 0.15
1Q 2010	Two legacy fixed income funds managed by Virtus again start receiving advisory fees	$ 0.25
1Q - 2Q '10	Three small cap funds moved in-house	$ 0.20
2Q 2010	Mutual funds fees (except money markets) raised by 10 bps on average	$ 1.50
2Q 2010	Fund administration expenses increased	$ 0.64
3Q 2010	Phoenix Virtus Insight Trust business merged in-house	$ 0.50
3Q 2010	$10 million worth of converts called in	$ 0.14
3Q 2010	Odd lot tender ended	$ 0.05
3Q 2010	Harris Insight Funds brought in-house	$ 0.16
	Total Completed	$ 3.59
4Q 2010	ZRT rights offering announced, with amount fully subscribed	$ 0.09
4Q 2010	Plan to bring mid-cap fund in-house announced	$ 0.05
	Total Announced and Completed	$ 3.73
1Q 2011	Three funds with $3.6 billion in fixed income assets expected to be moved in-house	$ 1.20
1H 2011	Another $1B of $3.5B in funds that should be brought in, assumed to be moved in-house	$ 0.40
	Expected 1H 2011 Increases in FCF/Share	$ 1.60

Beyond the margin improvement, Virtus also enjoyed the prospects of continued positive net inflows and increases in the securities prices managed by the firm, which would increase revenues going forward. Moreover, a grossly overcapitalized balance sheet meant that management could afford to launch both a stock buyback program and a substantial dividend—value-enhancing steps that seem likely given the revised language of the company's new line of credit agreement. Yet even without giving any credit to those strong inflows or opportunities to reposition the balance sheet, it became clear to us that the roughly $1.00 per share in cash earnings could quickly jump to a run-rate of $6.00 or more by the end of 2011. Trading at $18.72 at the start of the third quarter, Virtus stock thus carried a free cash multiple of only three times.

Virtus proved a winner for our clients, having appreciated by more than 90% since the end of the second quarter. The investment, moreover, also highlights how our disciplined investment process is differentiated by not relying on sell-side research, by overturning untouched stones, by digging more deeply into financials and filings, by pressing management with harder-hitting questions, and by asking how a company will look under more normal conditions. The virtue in the Virtus story is not merely what it has earned but what it continues to teach: that among our firm's greatest strengths is its commitment to a consistent, repeatable and unbiased process that has served us well through a turbulent market cycle, and which has proven its ability to unearth gems hidden in the rough.

"Sometimes you win, sometimes you lose, and sometime you get rained out. Think about that." -- Nuke LaLoosh, Bull Durham

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. While hoping to hit more home runs while avoiding the errant pitches, we will remain content to aim for singles and doubles.

Keep swinging,

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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

[1]Returns for our Small Cap Value Product vs. its benchmark:

	Gross of Fees	Net of Fees	Russell 2000 Val
2007*	-16.23%	-17.02%	-13.08%
2008	-46.03%	-46.63%	-28.92%
2009	85.98%	84.12%	20.58%
YTD 2010	15.19%	14.27%	7.92%
3rd Qtr 2010	14.09%	13.79%	9.72%
ITD Annualized*	-0.98%	-2.15%	-6.49%

*Inception date of composite returns is 07/01/07. ITD composite returns are ending 9/30/10.

[2]Returns for our Equity Income Product vs. its benchmark:

	Gross of Fees	Net of Fees	Russell 1000 Val
2007*	5.94%	5.16%	-6.03%
2008	-52.97%	-53.72%	-36.85%
2009	63.32%	60.99%	19.69%
YTD 2010	7.67%	6.72%	4.49%
3rd Qtr 2010	14.82%	14.59%	10.13%
ITD Annualized*	-3.99%	-5.36%	-8.76%

*Inception date of composite returns is 07/01/07. ITD composite returns are ending 9/30/10.

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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 two 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.

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