HUBER CAPITAL MANAGEMENT MID-YEAR UPDATES 2009

July 1st marked the two year anniversary since Huber Capital Management, LLC launched its Equity Income and Small Cap Value products. In hindsight the timing could not have been worse. It was evident at the time that complacency ruled over risk and greed over fear, but we certainly did not predict the devastation that a near collapse on the financial system caused in terms of wealth loss.

Highlights from our organization include:

- A consistent and dedicated team
- A consistent, repeatable, and unbiased process that has served well through many market cycles
- A 100% employee owned firm
- Employees with experience totaling over 70 years
- A firm with an overcapitalized balance sheet
- Both products outperforming their benchmarks inception to date ending 06/30/09 gross of fees[1 2]
- Year to Date ending 06/30/09, our Small Cap Value product outperformed its benchmark by 3532 basis points gross of fees, and by 3452 basis points net of fees[1]
- Year to Date ending 06/30/09, our Equity Income product outperformed its benchmark by 2214 basis points gross of fees, and by 2127 basis points net of fees[2]
- Beta for both products less than 1.0

"Luck is what happens when Preparation Meets Opportunity."
--Seneca

I recently read the book, "Outliers, the Story of Success" by Malcolm Gladwell. In it he describes many of the attributes that drive winners, such as intelligence and ambition. However, he also describes the luck of timing as the most important overriding factor of success. He describes the most successful software technology pioneers as being born around 1955 (Bill Gates, 1955; Paul Allen, 1953; Steve Ballmer, 1956; Steve Jobs, 1955; Eric Schmidt, 1955). He also describes the billionaires of the industrial revolution as being born between 1831-1839 (John D. Rockefellar, 1839; Andrew Carnegie, 1835; Frederick Weyerhauser, 1834; Marshall Field, 1834; JP Morgan, 1837, among others). In fact, in almost 400 years since the Pilgrim's first stepped foot onto The Land of Opportunity, half of the 40 richest Americans (in real dollar terms) in history were born during these two time periods spanning just 14 years! This anomaly was borne out during periods of massive change and upheaval in the way industries worked. These pioneers were in unique positions to be able to deviate away from the old way of thinking. Gladwell writes, "If you were born in the 1820's you were too old: your mind set was shaped by the pre-Civil War paradigm." Regarding the technology revolution he writes, "…if you were born before 1953 you were too old in 1975. You'd already have a job at IBM, and once people started at IBM, they had a real hard time transitioning to the new world." I believe that today the asset management industry sits on the precipice of revolutionary change. Gone are the days of selective disclosure afforded to large managers. The internet and Reg FD have done away with that gap. Also gone are the massive amounts of analysts covering every company across the Russell 3000 Index. I also believe that soon will be the end of an era where management entrenches themselves around friendly boards than don't demand accountability for shareholders. I believe the new asset management paradigm will consist of firms both willing and able to have the fortitude to take advantage of the changing landscape.

Where there has been unparalleled wealth destruction, there comes opportunity. We believe our bottoms-up research-intense approach which combines valuation and behavioral heuristics is keenly suited to exploit the investment opportunities in this environment. In nature, brushfires are healthy as they clear away the deadwood and allow the survivors to flourish and grow. This is analogous to many of the investment opportunities we see today. There are many businesses that have been wounded and are now forced to run lean (as they should always have been) and those that make it to the other side will come out with stronger competitive positions than when they went in. We believe that we have constructed a great portfolio of investments that offers our investors compelling long-term upside opportunity along with downside protection.

THE MARKET HAS GONE UP TOO FAR TOO FAST?

We are smart enough to know that we have no idea where the market will lead us over the next 18 months, but we do know that it is the cheapest we have seen in our investment careers. "The market has gone up too far too fast" is a common theme we hear from many in the investment community. One of the qualitative concepts of our investment approach is a behavioral heuristic overlay that exploits systematic decision making flaws which allow stocks to become great investment opportunities. These range from endowment effects, to representative heuristics, to mental accounting, to fairness effects. One of the most susceptible decision making flaws that we encounter is anchoring, which is a subset of traits known as framing. I have given many speeches over the years on the value added of employing this strategy within a fundamental approach. In one example, I ask the audience to write down the last three digits of their Social Security Number. I then ask the following question:

In what year were the Huns under Atilla defeated in what is now France and forced to return eastward?

Amongst every group I have posed this question, there has never been any statistical proof that the groups had any idea when this occurred (451 AD). However, there is a large statistical correlation between the audience's answers and their Social Security Number! Much like these groups who anchored on their SSN, many in the investment community are anchored on March 9. Aside from that date being the most recent market low, I don't believe it bears any significance. Nobody that we know of predicted a March 9 bottom, nor was there anything significant that day to provide an upward catalyst. The pattern of how prices took their random walk from that date should have no bearing on what happens over the short term (next 18 months). I would argue that if one had to anchor on a date, it would be September 12, 2008, the day Lehman brothers collapsed. Less than 300 days ago we stood in a very scary time in world history. The possibility of worldwide financial collapse, the Greatest Depression, and civil unrest were not out of the range of plausibility. Guns sales were at record numbers. Today, the only people proclaiming the apocalypse are soothsayers on soapboxes in Columbus Circle. That scenario is off the table. What has happened to the S&P 500 since that date? It is down more than 28%! <u>Perhaps, the market has fallen too far too fast.</u>

"It is not the will to win, but the will to prepare to win that makes the difference."
-- Bear Bryant

2008 was a difficult time in the asset management industry and provided a healthy dose of humility. To date, 2009 has shown some stabilization and we have done very well. Our long-term goal is to provide the highest after-fee returns amongst all US equity products (including long-short funds) over an investment cycle with below market volatility. We have set the bar very high indeed, and while we have to work hard to achieve this goal, we believe we are prepared.

Things are good. Gary Thomas, Gary Steiner, Emidio Checcone, Chris Karger, and I have now been working together at Huber Capital for over two years. Additionally we recently added Matt Hathaway, from UCLA's Anderson School of Management, to our team. I firmly hold the belief that a consistent, repeatable, unbiased, long-term investment approach serves clients best over a long period. Our process is a discipline that I have employed through many different investment cycles. I believe that a superior process, consistent team, and a small asset base are the key ingredients of a successful investment product. We have no idea whether we are in the beginning of a new bull market or in the midst of a bear market rally. In his 2008 Annual Report and Letter to Shareholders, Warren Buffett wrote that the S&P 500 had been up in 33 of the past 44 years and that he expects it will be up a similar percentage of the time over the ensuing 44 years. We concur, and look forward to serving our current and future clients over the next 44 years.

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

Sincerely,

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HUBER CAPITAL MANAGEMENT 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%	-17.04%	-13.08%
2008	-46.03%	-46.76%	-28.92%
YTD 2009*	30.15%	29.35%	-5.17%
ITD Annualized*	-23.30%	-24.41%	-23.46%

*Inception date of composite returns is 07/01/07. YTD and ITD composite returns are ending 06/30/09.

[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%
YTD 2009*	19.27%	18.40%	-2.87%
ITD Annualized*	-22.92%	-24.09%	-24.08%

*Inception date of composite returns is 07/01/07. YTD and ITD composite returns are ending 06/30/09.

General Information About Huber Capital Management LLC

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Information About This Presentation

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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 one account 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 Russell 3000 Index is an index representing 3000 of the largest companies in the U.S. 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.