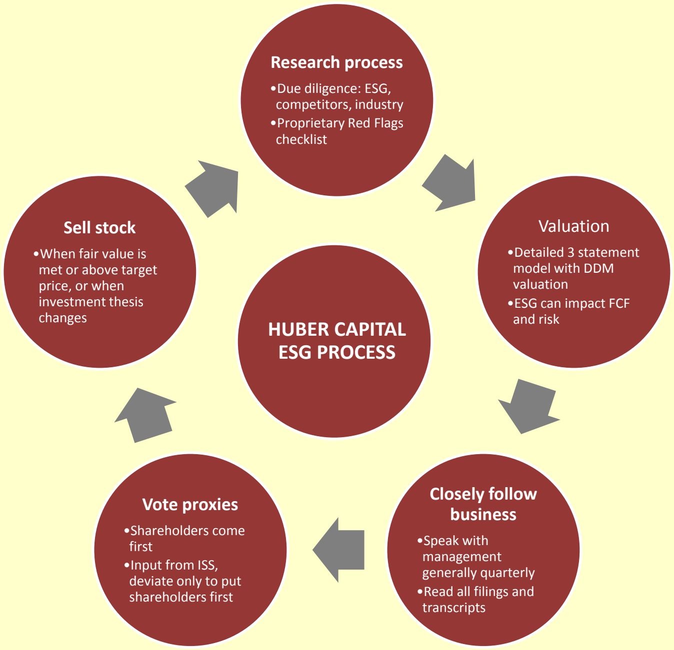
Huber Capital Management ESG Process

SUMMARY

- **Client returns come first**
- **ESG can impact our view of risk, which is a major determinant of position size**
- **Additional client restrictions can be accommodated**



Maximizing client returns is our over-arching goal. As fundamental long-term value investors, we believe an individual stock's true worth is the present value of discounted future cash flows. As such, valuation is rooted in our assessment of normalized free cash flow generation. Environmental, social, and governance (ESG) issues help determine our view of risk, which drives position sizing. While ESG concerns do not preclude us from investing in companies with compelling valuations, material concerns can render a stock too risky and therefore uninvestable. Huber Capital also manages money under more stringent client-specific restrictions, such as avoidance of "sin stocks." These requests have been readily accommodated throughout our history.

Our robust process incorporates ESG into every step, and is the foundation upon which Huber Capital's patient contrarian value philosophy is built. These steps are discussed in further detail below.

HUBER CAPITAL'S RESEARCH PROCESS

Due Diligence

The first step in our research process is extensive due diligence. We vigorously vet all potential investments for material valuation and risk inputs, including those pertaining to ESG. Information sources encompass company and competitor SEC filings, quarterly earnings releases, conference materials, trade publications, management interviews across the industry, white papers, and other relevant sources.

The extent to which corporate governance works for or against shareholders is of critical importance, and we measure this through the use of our Red Flags checklist. This proprietary tool quantifies corporate governance concerns by assigning a point total to each, and an overall score for the company. The Red Flags checklist score combined with any other ESG concerns unearthed during our due diligence process helps establish a risk profile.

Unacceptably high ESG concerns, such as poor corporate governance or labor relations, may indicate excessive risk thereby precluding further research.

Valuation

We value companies through the construction of in-depth 3 statement models, which flow to our proprietary 3-stage dividend discount model (DDM) template. As patient fundamental value investors, we believe that in the long run stock prices revert to reflect true intrinsic value, as determined by their normalized cash flow generation capability through an economic cycle. This is what we seek to assess in our valuation process. Material ESG concerns, particularly environmental or governance issues, have the potential to impact risk, cash flow, and valuation.

Portfolio Construction

Portfolios consist of companies trading at a discount to our view of intrinsic value, with position size determined by our view of both upside and risk. Larger weights are assigned to companies with the most attractive risk/return profiles. Material ESG factors can be major determinants of risk, thereby dictating position size.

Monitor

We thoroughly monitor existing holdings, paying close attention to changes in key valuation assumptions and risk inputs, including ESG concerns. Analysts and portfolio managers regularly speak to company management in addition to reviewing all SEC filings, press releases, conference calls, and news flow. We continually revise weights and valuation as inputs change.

Influence

We are not activist investors in that we do not make investments with the intent of changing management, the board, business strategy, or any other corporate practices. We believe it is our fiduciary duty to vote proxies in the best interest of shareholders, and we take this responsibility very seriously. While we review the proxy voting recommendations of Institutional Shareholder Services (ISS), we deviate when we believe shareholder interests could be better served. While we are not activists we are happy to be "suggestivists," meaning that if we believe corporate governance or management actions, such as capital allocation, could be improved, we are not afraid to share these views with the company. These interactions tend to be friendly, but in rare circumstances we may exercise our 13D power when there is an egregious violation of shareholder interests and management is unresponsive to our "suggestivist" approach.

Sell Discipline

We typically sell stocks when they meet or exceed our view of intrinsic value, but may do so for other reasons including changes to our investment thesis or material ESG concerns. We consider our opportunity set when making investment decisions, continually striving to deploy capital to its highest and best use as measured by risk and return.