



Small Cap Value Review

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Private and Confidential
Presentation

Pat McMenamin
Managing Director

Bay County Employees' Retirement System

June 9, 2015

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Why Hotchkis & Wiley

As of May 2015

Boutique organizational structure

- 34-year history, \$34 billion AUM, extensive resources, investment focus
- Employee ownership promotes stability, aligns interests; all 20 investment professionals own equity
- Team structure, integrated research

Disciplined, experienced investors

- Portfolio Coordinators have 17+ year tenure
- Exploit irrational market behavior

In-house research

- 25-person research team with 20+ years experience
- Take advantage of limited research in small caps

Investment Team

As of May 2015

Experienced and Stable

Analyst	Focus	Years Experience	
		Industry	H&W
George Davis, Jr., CEO	Capital Goods, Financials	30	26
Ray Kennedy, CFA	Credit Specialist	29	6
Sheldon Lieberman	Energy, Technology	29	21
Patty McKenna, CFA	Consumer, Healthcare	28	19
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Mark Schmidt	Capital Goods, Healthcare	12	9
Ryan Thomes, CFA	Portfolio Analyst	12	7
Dan McKenzie, CFA	Credit Specialist, Capital Goods, Financials	10	10

The team is supported by 5 members of our Research Associate Program

Representative Firm-wide Client List

As of May 2015

Corporate / Partnership

American Airlines
The Boeing Company
Consolidated Rail Corporation
Maersk Inc.
Minnesota Life Insurance Company
Monsanto Company
Salt River Project
SKL Investment Group, LLC
Southern California Permanente Medical Group
Square Deal Growth, LLC
Torstar Corporation

Government / Public

Fire & Police Employees' Ret. Sys. of the City of Baltimore
Bay County Employees' Retirement System
Florida League of Cities, Inc.
Minnesota State Board of Investment
Jackson County, Missouri Revised Pension Plan
Nebraska Public Power District Employee Retirement Plan
Oklahoma Law Enforcement Retirement System
Oklahoma Teachers' Retirement System
San Diego County Employees Retirement Association
Santa Barbara County Employees' Retirement System

Taft-Hartley

Alaska Electrical Trust Funds
ILWU-PMA Benefit Plans
Oregon-Washington Carpenters-Employers Pension Trust Fund

Non-Profit

American University
Communities Foundation of Texas
The William H. Donner Foundation
Donner Canadian Foundation
Gundersen Lutheran Hospital
Howard University
Jewish Federation of Greater MetroWest New Jersey
Robert Wood Johnson University Hospital
David X. Marks Foundation
MedStar Health, Inc.
The Samuel Roberts Noble Foundation, Inc.
Portico Benefit Services
Wespath

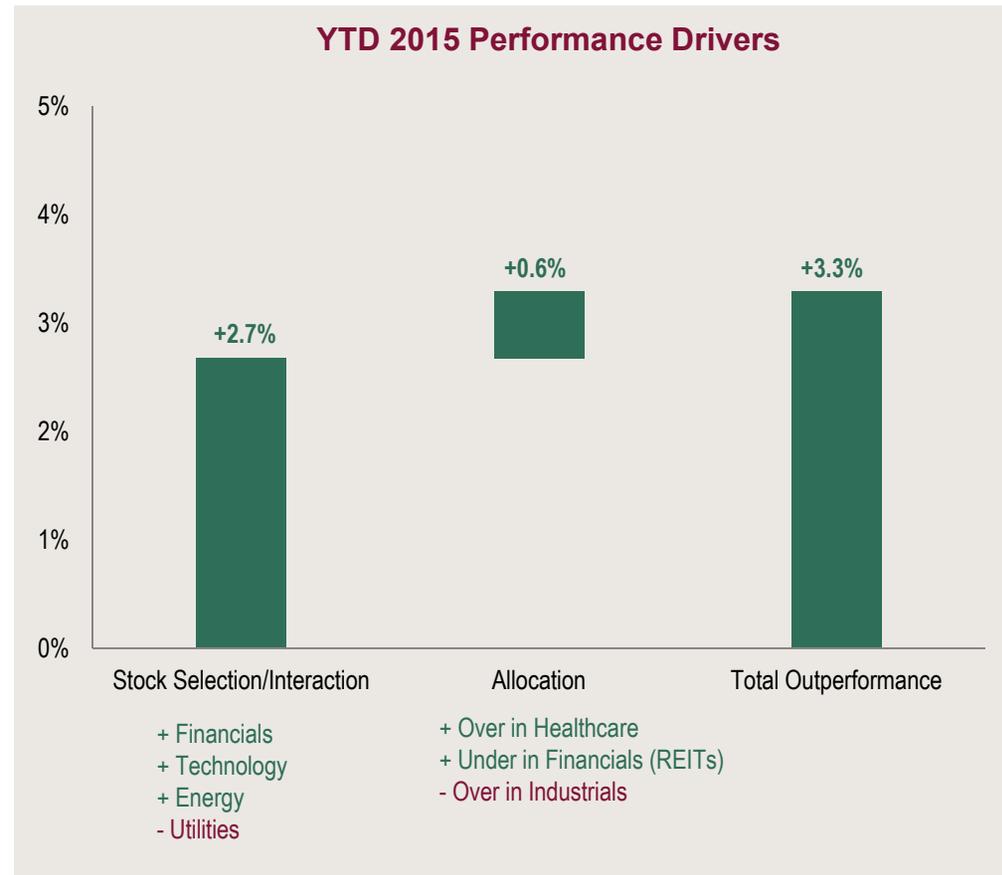
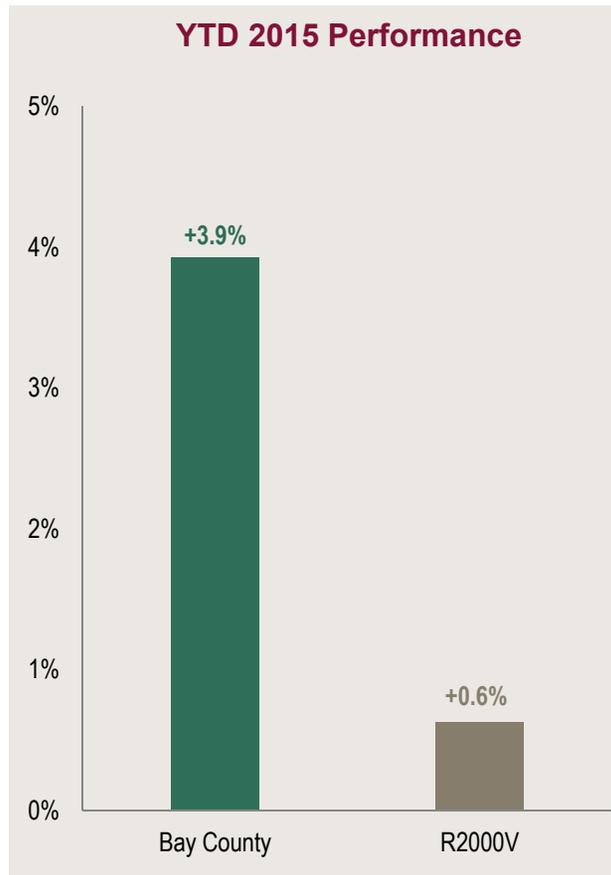
Sub-Advisory

Alma Hotchkis & Wiley US Large Cap Value Equity Fund
American Beacon Balanced Fund
American Beacon Large Cap Value Fund
American Beacon Small Cap Value Fund
AST Large Cap Value Fund (Prudential)
Mercer Investment Fund 2
Momentum Global Investment Management Limited
Nomura Multi Managers Fund III - US Equity
Northern Funds Multi-Manager Small Cap Fund
Target Portfolio Trust (Prudential)
Vanguard Windsor II Fund

Year-to-Date: Sources of Performance

As of May 2015

- Absolute and relative performance were positive

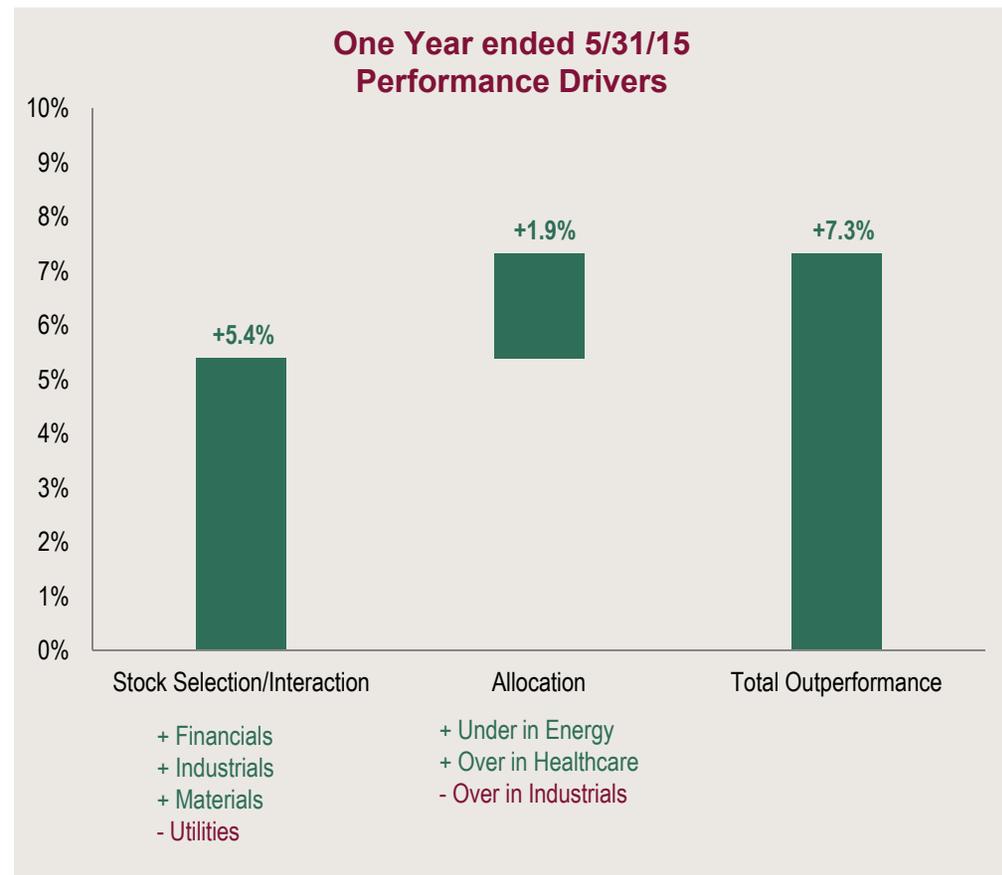
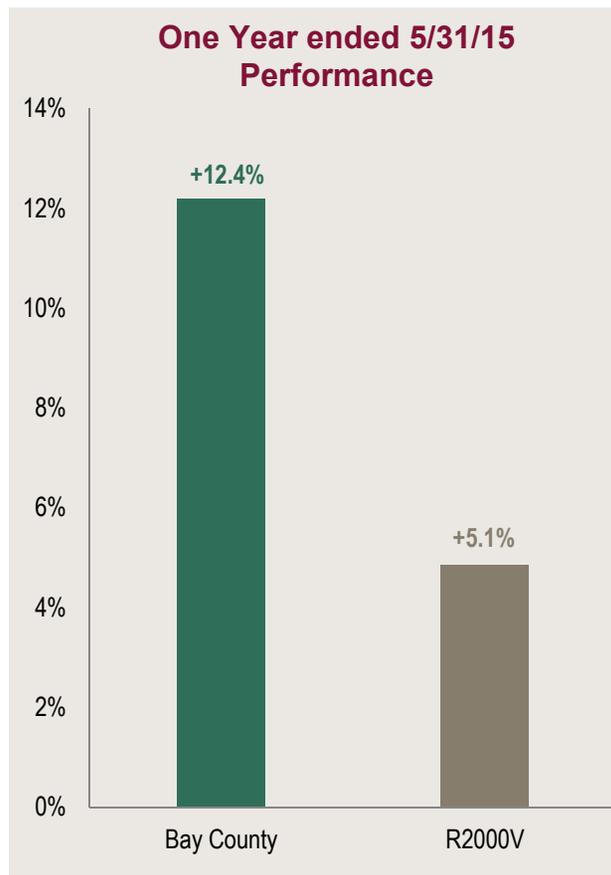


Returns are calculated using daily holding information, gross of fees, within Bloomberg. Returns calculated using this buy-and-hold methodology can differ from actual portfolio returns due to intraday trades, cash flows, accrued/miscellaneous income, corporate actions, and trade price and closing price difference of any given security.

One Year: Sources of Performance

As of May 2015

- Absolute and relative performance were positive

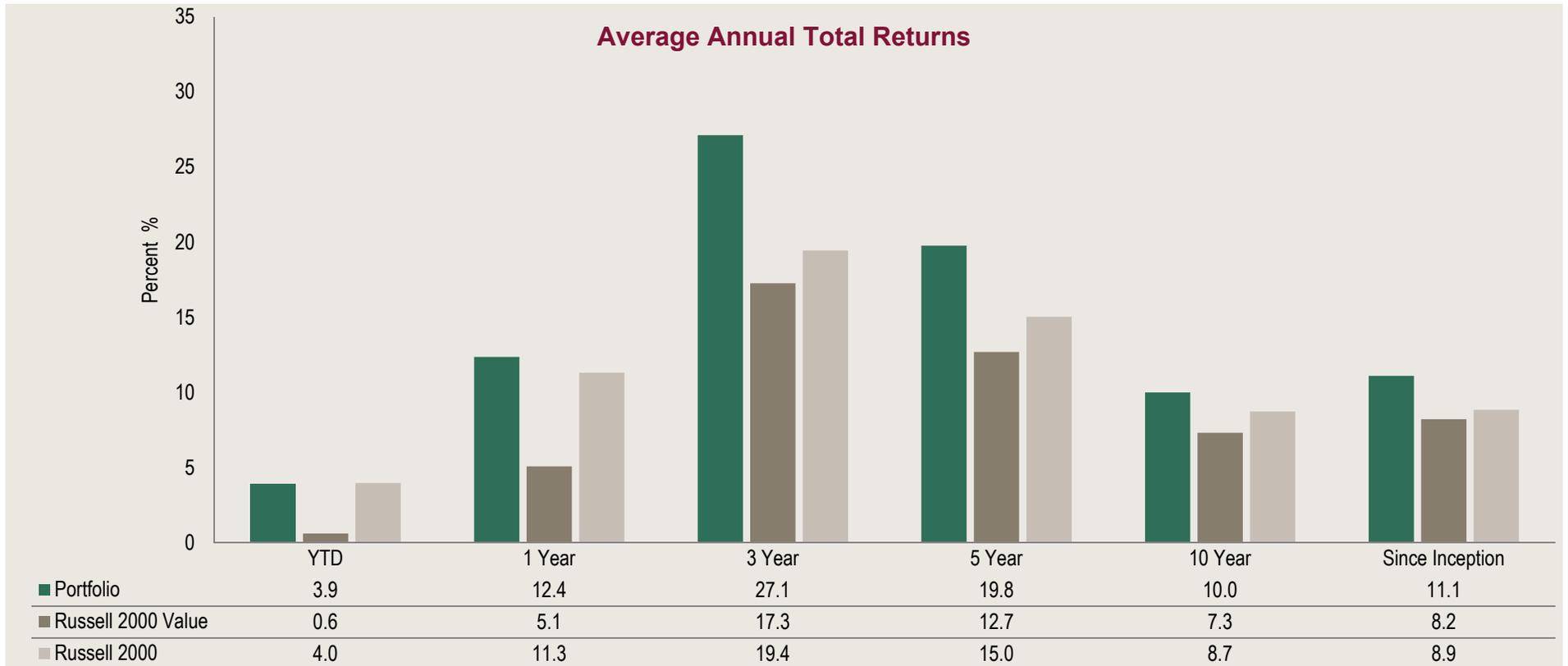


Returns are calculated using daily holding information, gross of fees, within Bloomberg. Returns calculated using this buy-and-hold methodology can differ from actual portfolio returns due to intraday trades, cash flows, accrued/miscellaneous income, corporate actions, and trade price and closing price difference of any given security.

Performance

As of May 2015

Bay County Employees' Retirement System



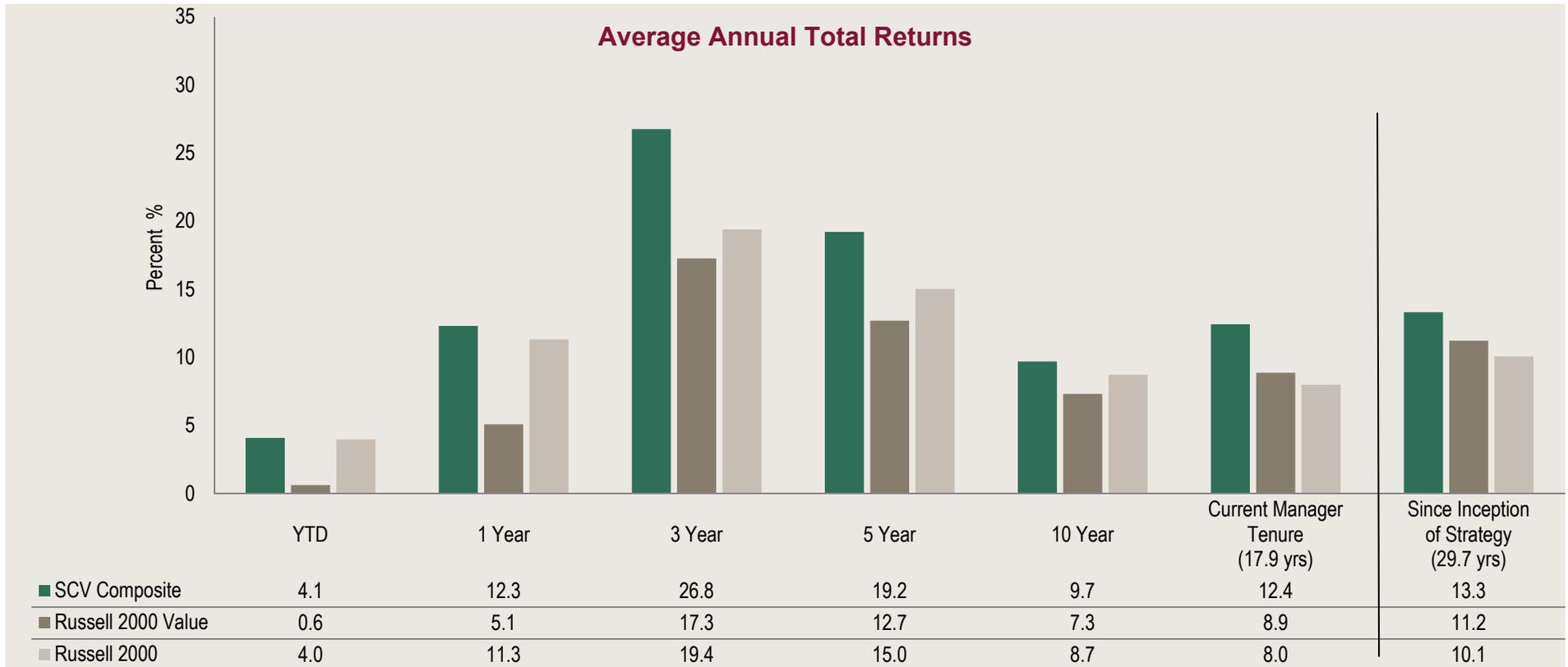
Commencement of portfolio: 12/1/03

Performance shown preliminary, gross of fees. Periods over one year are average annual total return.

Composite Performance

As of May 2015

Hotchkis & Wiley Small Cap Value



Commencement of Small Cap Value (SCV) Composite: 10/1/85

Performance shown preliminary, gross of fees. Periods over one year are average annual total returns. Information supplemental to strategy's composite presentation provided in accompanying performance schedule and other important disclosures are provided in the endnotes. Private meeting use only.

Portfolio Characteristics

As of May 2015

Bay County Employees' Retirement System

Market Value: \$11,428,843

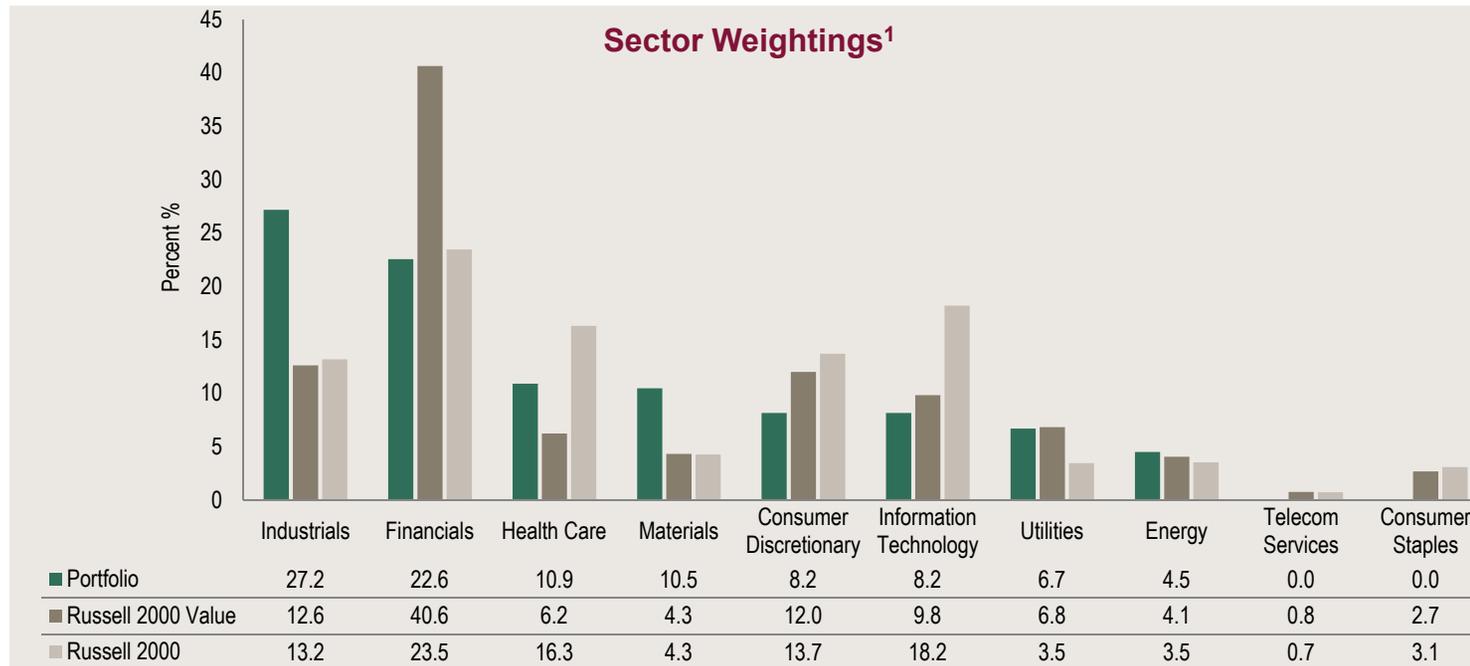
Portfolio Characteristics			
	Portfolio	Russell 2000 Value	Russell 2000
Projected P/E (FY2)	14.1x	15.4x	16.8x
Price/Normal Earnings	9.6x	15.5x	18.2x
Price/Book	1.5x	1.5x	2.3x
Price/Sales	0.6x	1.1x	1.3x
Dividend Yield	1.1%	2.1%	1.4%
Payout Yield	2.3%	3.5%	2.6%
Wtd Avg Market Capitalization (millions)	\$2,187	\$1,829	\$2,183
Median Market Capitalization (millions)	\$1,394	\$663	\$758

Certain information presented is based on proprietary or third-party estimates, which are subject to change and cannot be guaranteed.

Sector Weights and Holdings

As of May 2015

Bay County Employees' Retirement System



¹ % of total portfolio

Top Ten Holdings¹	
Con-way Inc.	4.8%
Great Plains Energy Inc.	4.6
Horace Mann Educ. Corp.	4.1
Rush Enterprises Inc.	3.5
Masonite Int'l Corp.	3.3
Hanger Inc.	3.0
Arris Grp Inc.	3.0
Sonic Automotive Inc.	2.9
WellCare Health Plans Inc.	2.8
Meritor Inc.	2.7

Investment Philosophy

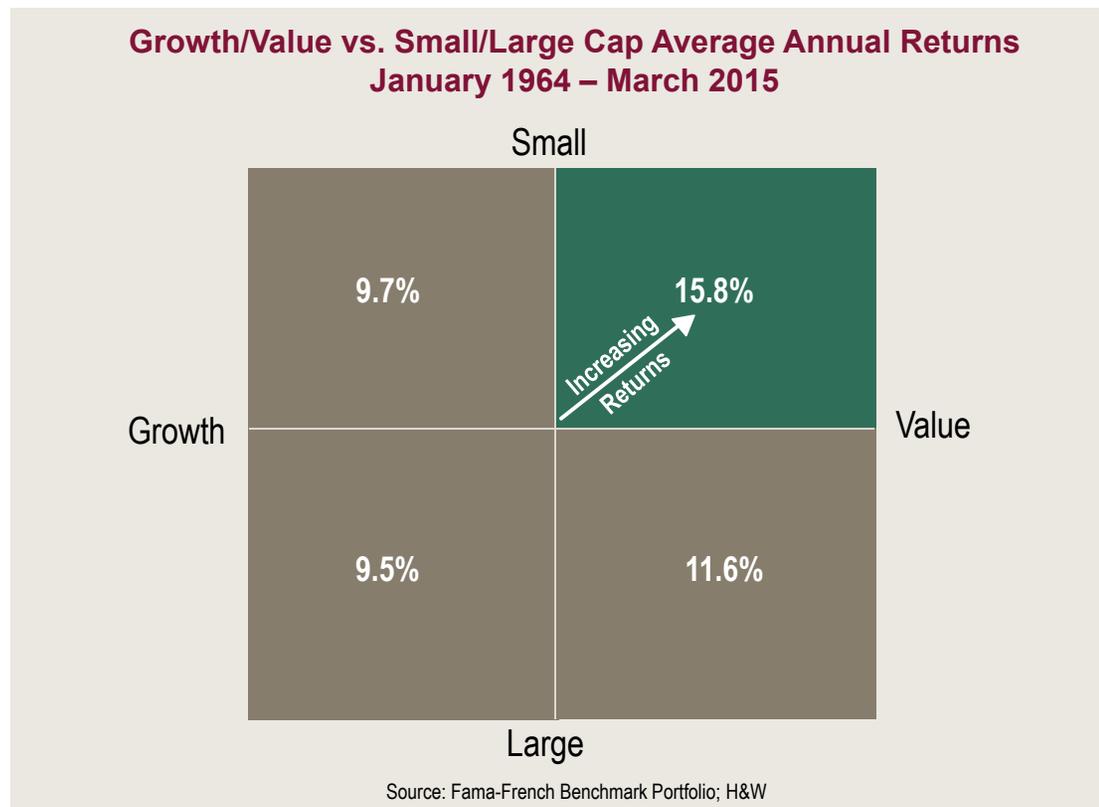
- Disciplined purchase and sell criteria with rigorous adherence to value
- Research team with tremendous depth and breadth to exploit market inefficiencies
- Focus on long-term earnings potential

Size and Value Effect

As of March 2015
(latest available)

Empirical and academic studies identify two basic factors associated with long-term performance:

- Size: Smaller market cap stocks outperform large cap stocks
- Valuation: Value stocks outperform growth stocks



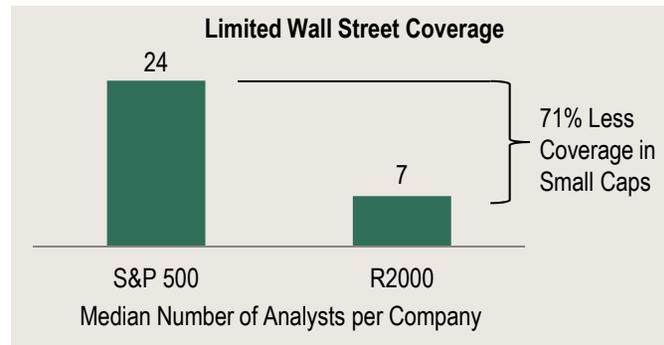
Important definitions and disclosures are provided in the endnotes. Past performance is no guarantee of future performance.

Importance of Proprietary Research and Long-Term Focus

OPPORTUNITY

Limited Wall Street Coverage

- Fewer analysts per company
- Stale, cursory reports
- Junior analysts



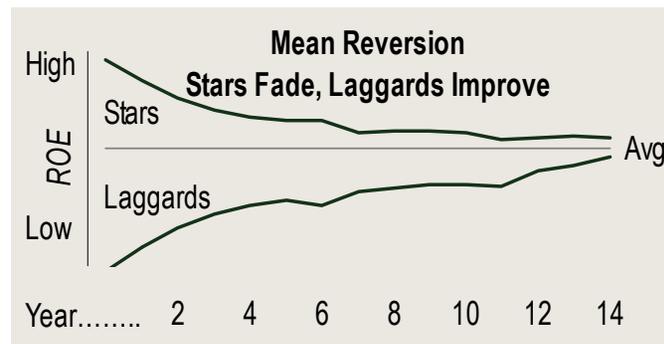
H&W ADVANTAGE

In-House Research Staff

- ✓ 25-person investment staff
- ✓ Industry experts
- ✓ Proprietary ideas
- ✓ Over 1,200 Company files

Out-of-Favor Industries/Companies

- Excessive fear or optimism
- Temporary “issues”

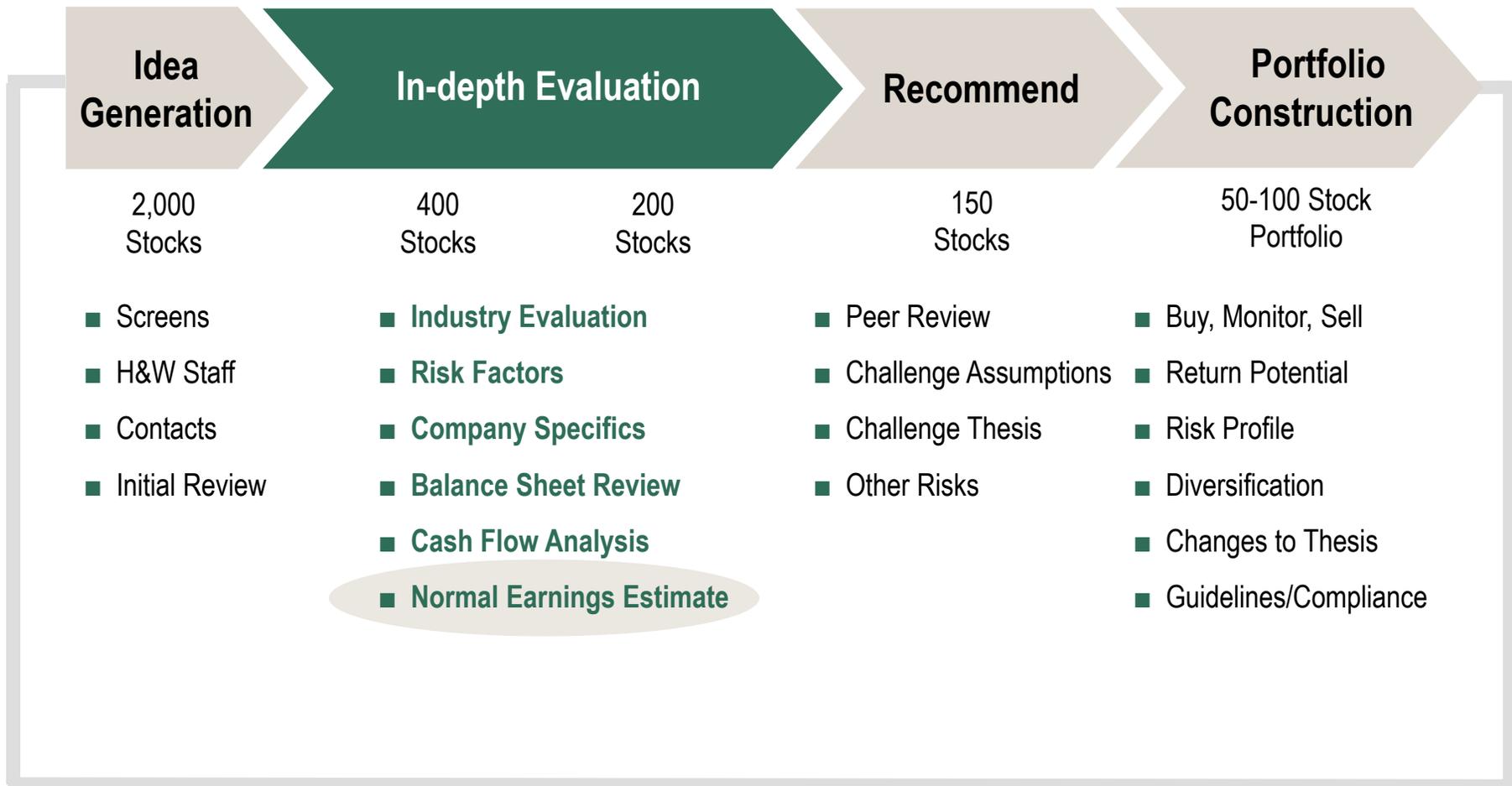


Manager/Team Tenure

- ✓ Over seventeen years
- ✓ Disciplined process
- ✓ Focus on normal earnings
- ✓ Avoid fads

Disciplined Investment Process

Consistent, repeatable process



Sell Disciplines

Consistent approach

Valuation relative to opportunity set

- Can we replace it with a better idea?

Portfolio diversification

- Can we improve the risk characteristics of the portfolio?

Deterioration of financial strength or other business fundamentals

- Has our view of the company changed?

Must sell if stock reaches fair value target

What to Expect

We believe our disciplined process will yield the following:

- Generally 50-100 stocks that have been thoroughly researched
- Top 10 holdings will represent 30% to 40% of portfolio
- Diversified (limit at purchase: 6% stock, 15% industry)
- Small cap exposure
- Value exposure (low PE normal)

Summary

Strategy advantages:

- Strict adherence to value
- Support of seasoned investment team
- Incentives aligned with client
- Demonstrated track record

Investment Staff Biographies

GEORGE DAVIS, JR.
Chief Executive Officer
Portfolio Manager and Principal
30 Years Industry Experience
Equity Owner

Mr. Davis joined H&W in 1988. In his role as portfolio manager, Mr. Davis plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Large Cap Fundamental Value, Large Cap Diversified Value, Mid-Cap Value and Value Opportunities portfolios, represents these strategies to current and prospective clients, as well as provides expertise and insight into the capital goods and financials sectors. Prior to joining the firm, Mr. Davis was an assistant to the senior partner of RCM Capital Management. He began his career in equity research with internships at Cramer, Rosenthal & McGlynn and Fidelity Management & Research.

Mr. Davis received his BA in Economics and History and MBA from Stanford University.

JASON CHAN, CFA
Portfolio Manager
15 Years Industry Experience
Equity Owner

Mr. Chan joined H&W in 2001. In his role as portfolio manager, Mr. Chan plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the consumer, healthcare and technology sectors. Prior to joining the firm, Mr. Chan was a credit analyst with Silicon Valley Bank.

Mr. Chan, a CFA charterholder, received his BS in Biological Science and BS in Business Administration from University of Southern California.

HUNTER DOBLE, CFA
Portfolio Manager
19 Years Industry Experience
Equity Owner

Mr. Doble joined H&W in 2005. In his role as portfolio manager, Mr. Doble plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the energy and financials sectors. Prior to joining the firm, Mr. Doble worked as an analyst for Equinox Capital Management. He also worked as an analyst at Ark Asset Management in their equity research group and as a portfolio manager's assistant in their fixed income group.

Mr. Doble, a CFA charterholder, received his BA in Economics from Georgetown University and MBA in Finance from New York University's Stern School of Business.

Investment Staff Biographies

J.P. FLAGLER, CFA
Portfolio Manager
20 Years Industry Experience
Equity Owner

Mr. Flagler joined H&W in 1999. In his role as portfolio manager, Mr. Flagler plays an integral part in the investment research review and decision-making process. He is on the Capital Goods and Healthcare sector teams and is directly responsible for fundamental research on the aerospace & defense, automotive and machinery industries.

Mr. Flagler, a CFA charterholder, received his BS from University of Oklahoma and MBA with distinction from the Wharton School at the University of Pennsylvania.

DAVID GREEN, CFA
Portfolio Manager and Principal
24 Years Industry Experience
Equity Owner

Mr. Green joined H&W in 1997. In his role as portfolio manager, Mr. Green plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Small Cap Value and Value Opportunities portfolios, represents these strategies to current and prospective clients, as well as provides expertise and insight into Special Situations. Prior to joining the firm, Mr. Green worked as a senior equity analyst with Goldman Sachs Asset Management on the Broad Market Value team. Before joining Goldman Sachs, he worked as an equity analyst with Prudential Investment Corporation where he began his investment career in 1990. Mr. Green's investment experience is focused primarily on analysis of publicly traded equities.

Mr. Green, a CFA charterholder, received his BA in Economics with honors from University of California, Berkeley and is a member of Phi Beta Kappa.

MARK HUDOFF
Portfolio Manager
28 Years Industry Experience
Equity Owner

Mr. Hudoff joined H&W in 2009 and is portfolio manager for the High Yield bond and Capital Income strategies. In his role as portfolio manager, Mr. Hudoff plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of all High Yield bond and Capital Income portfolios. Prior to joining the firm, Mr. Hudoff was an Executive Vice President, portfolio manager and Head of Global High Yield investments at PIMCO. He started at PIMCO as a credit analyst for the high yield team and moved to Europe in 2000 to build and manage their European credit business, including the management of PIMCO's European High Yield strategies. Upon returning to the U.S. in 2004, Mr. Hudoff founded and developed PIMCO's Global High Yield practice, while also managing U.S. High Yield portfolios. Mr. Hudoff was formerly associated with BCA where he worked as a fixed income strategist.

Mr. Hudoff was nominated for Morningstar's 2010 Fixed Income Manager of the Year. He received his BS in Economics from Arizona State University and MBA in Finance from the University of Chicago Graduate School of Business.

Investment Staff Biographies

RAY KENNEDY, CFA
Portfolio Manager
29 Years Industry Experience
Equity Owner

Mr. Kennedy joined H&W in 2008 and is portfolio manager for the High Yield bond strategy. In his role as portfolio manager, Mr. Kennedy plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of all High Yield bond portfolios. Prior to joining the firm, Mr. Kennedy was a Managing Director, portfolio manager and senior member of PIMCO's investment strategy group. At PIMCO, he headed the global high yield business along with managing and overseeing High Yield funds, bank loan trading and collateralized debt obligations. Mr. Kennedy was formerly associated with the Prudential Insurance Company of America as a private placement asset manager where he was responsible for investing and managing a portfolio of investment grade and high yield privately placed fixed income securities. Prior to that, he was a consultant for Andersen Consulting (now Accenture) in Los Angeles and London.

Mr. Kennedy, a CFA charterholder, was nominated for Morningstar's 2010 Fixed Income Manager of the Year. He received his BS from Stanford University and MBA from the Anderson School of Management at the University of California, Los Angeles.

SHELDON LIEBERMAN
Portfolio Manager and Principal
29 Years Industry Experience
Equity Owner

Mr. Lieberman joined H&W in 1994. In his role as portfolio manager, Mr. Lieberman plays an integral part in the investment research review and decision-making process and represents the Large Cap Fundamental Value and Large Cap Diversified Value strategies to current and prospective clients. He also provides expertise and insight into the energy and technology sectors. Prior to joining the firm, Mr. Lieberman was the chief investment officer for the Los Angeles County Employees Retirement Association ("LACERA"). At LACERA, he was responsible for overseeing the fund's investment activity, as well as developing and implementing investment policy, strategy and guidelines. Prior to his position at LACERA, he was manager of trust investments at Lockheed Corporation.

Mr. Lieberman received his BA from University of California, Los Angeles and MBA from California State University, Northridge.

RICHARD MAK, CFA
Portfolio Manager
14 Years Industry Experience
Equity Owner

Mr. Mak joined H&W in 2013 and is a portfolio manager for the High Yield bond strategy. In his role as portfolio manager, Mr. Mak plays an integral role in the investment research review and decision making process and coordinates the day-to-day management of all High Yield bond portfolios. Prior to joining the firm, Mr. Mak worked at PIMCO in multiple roles ranging from credit analyst to high yield portfolio manager, primarily focused on internal high yield funds. Prior to his position at PIMCO, Mr. Mak was an equity analyst at Epoch Partners covering telecom equipment and related technology issuers.

Mr. Mak, a CFA charterholder, received his BA in Business Economics with a minor in Accounting from University of California, Los Angeles, and MBA with emphasis in Finance and Strategy from the Anderson School of Management at the University of California, Los Angeles.

Investment Staff Biographies

STAN MAJCHER, CFA
Portfolio Manager and Principal
21 Years Industry Experience
Equity Owner

Mr. Majcher joined H&W in 1996. In his role as portfolio manager, Mr. Majcher plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Mid-Cap Value portfolios, represents the strategy to current and prospective clients, as well as provides expertise and insight into the energy and financials sectors. Prior to joining the firm, Mr. Majcher was an analyst in corporate finance at Merrill Lynch & Co., Inc. He worked on a variety of common equity, equity-linked and debt financings as well as strategic advisory assignments for Merrill Lynch's domestic and international airline clients.

Mr. Majcher, a CFA charterholder, received his BS in Finance and Marketing from Georgetown University.

NOAH MAYER, CFA
Portfolio Manager
14 Years Industry Experience
Equity Owner

Mr. Mayer joined H&W in 2007. In his role as portfolio manager, Mr. Mayer plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the capital goods, consumer and technology sectors. Prior to joining the firm, Mr. Mayer was a business analyst at Capital One where he supported the president of US Credit Card Operations as an internal consultant. He began his career as a business consultant for AMS's Financials and Insurance Group.

Mr. Mayer, a CFA charterholder, received his BS in Management from State University of New York at Binghamton, graduating summa cum laude, MBA from the Wharton School and MA in International Studies from the Lauder Institute at the University of Pennsylvania.

SCOTT McBRIDE, CFA
Portfolio Manager
16 Years Industry Experience
Equity Owner

Mr. McBride joined H&W in 2001. In his role as portfolio manager, Mr. McBride plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of Large Cap Fundamental Value, Large Cap Diversified Value and Global Value portfolios. He also provides expertise and insight into the consumer, financials, healthcare and technology sectors. Prior to joining the firm, Mr. McBride was an associate consultant with Deloitte Consulting and worked as an investment marketing analyst with Fidelity Investments.

Mr. McBride, a CFA charterholder, received his BA in Economics from Georgetown University and MBA from Columbia University.

Investment Staff Biographies

PATTY McKENNA, CFA
Portfolio Manager and Principal
28 Years Industry Experience
Equity Owner

Ms. McKenna joined H&W in 1995. In her role as portfolio manager, Ms. McKenna plays an integral part in the investment research review and decision-making process and represents the Large Cap Fundamental Value and Large Cap Diversified Value strategies to current and prospective clients. She also provides expertise and insight into the consumer and healthcare sectors. Prior to joining the firm, Ms. McKenna was an equity analyst at Trust Company of the West. Before entering the field of investment management, she worked for five years in corporate finance at Bankers Trust and then at Fieldstone Private Capital Group. Ms. McKenna began her career as a forensic accountant in 1983.

Ms. McKenna, a CFA charterholder, received her BA in Economics with distinction from Stanford University and MBA from Harvard Business School.

DAN McKENZIE, CFA
Investment Analyst
10 Years Industry Experience
Equity Owner

Mr. McKenzie joined H&W in 2004. In his role as investment analyst, Mr. McKenzie plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into special situations, and capital goods and financial sectors. He also provides back-up trading and portfolio management duties for the high yield product. Mr. McKenzie began his career at H&W as a Performance Specialist and completed a three year Research Associate program in 2010.

Mr. McKenzie, a CFA charterholder, received his BA in Economics and BS in Math/Applied Science with a Concentration in Accounting and Managerial Math from University of California, Los Angeles, and MBA from the Anderson School of Management at the University of California, Los Angeles.

PATRICK MEEGAN
Portfolio Manager
24 Years Industry Experience
Equity Owner

Mr. Meegan joined H&W in 1998 and is portfolio manager for the High Yield bond and Capital Income strategies. In his role as portfolio manager, Mr. Meegan plays an integral role in the investment research review and decision-making process as well as provides expertise and insight into the financials and healthcare sectors. He coordinates the day-to-day management of all High Yield bond and Capital Income portfolios. He represents the firm's investment strategies to current and prospective clients. Mr. Meegan began his career at H&W as an investment analyst and became portfolio manager in 2001. Prior to joining the firm, Mr. Meegan was an audit manager at Arthur Andersen and specialized in financial statement audits and advising clients on SEC reporting issues.

Mr. Meegan, a Certified Public Accountant (inactive), received his BA in Business Administration with honors from California State University, Fullerton and his MBA with honors from the Anderson School of Management at the University of California, Los Angeles.

Investment Staff Biographies

JIM MILES

Portfolio Manager and Principal
26 Years Industry Experience
Equity Owner

Mr. Miles joined H&W in 1995. In his role as portfolio manager, Mr. Miles plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Small Cap Value portfolios, represents all strategies to current and prospective clients, as well as provides expertise and insight into the consumer and technology sectors. Prior to joining the firm, Mr. Miles was a vice president in corporate finance at BT Securities Corporation, an affiliate of Bankers Trust. He specialized in lending to and arranging debt for highly leveraged companies.

Mr. Miles received his BS in Mechanical Engineering and MS in Engineering from Stanford University and MBA from the University of California, Los Angeles.

JUDD PETERS, CFA

Portfolio Manager
17 Years Industry Experience
Equity Owner

Mr. Peters joined H&W in 1999. In his role as portfolio manager, Mr. Peters plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of Large Cap Fundamental Value, Large Cap Diversified Value, Small Cap Diversified Value and Global Value portfolios. He also provides expertise and insight into the capital goods, energy and technology sectors. Prior to joining the firm, Mr. Peters was an analyst in the corporate finance department of an investment banking firm.

Mr. Peters, a CFA charterholder, received his BA in Mathematics and a BS in Biochemistry from University of California, San Diego.

SCOTT ROSENTHAL

Portfolio Manager
14 Years Industry Experience
Equity Owner

Mr. Rosenthal joined H&W in 2007. In his role as portfolio manager, Mr. Rosenthal plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of Global Value portfolios. He also provides expertise and insight into the capital goods, energy and financials sectors. Prior to joining the firm, Mr. Rosenthal was a member of the investment team at FLAG Capital Management where he worked to identify and evaluate fund-of-funds investment opportunities in venture capital and private equity. He began his career as an analyst with UBS' Health Care investment banking group.

Mr. Rosenthal received his BA in Economics from Boston College and MBA with honors from Columbia Business School.

Investment Staff Biographies

MARK SCHMIDT
Portfolio Manager
12 Years Industry Experience
Equity Owner

Mr. Schmidt joined H&W in 2005. In his role as portfolio manager, Mr. Schmidt plays an integral part in the investment research review and decision-making process as well as provides expertise and insight into the capital goods and healthcare sectors. Prior to joining the firm, Mr. Schmidt was a product manager at Guidant Corporation, a medical device manufacturer. There he was responsible for launching and marketing cardiovascular devices, including stents and pacemakers for heart failure patients. Before his work in medical devices, he was a derivatives trader for Societe Generale.

Mr. Schmidt received his BS in Engineering from University of Washington in Seattle and MBA with honors from the University of Chicago.

RYAN THOMES, CFA
Portfolio Analyst
12 Years Industry Experience
Equity Owner

Mr. Thomes joined H&W in 2008 and coordinates the day-to-day management of the Small Cap Diversified Value portfolio. He also provides broad analytical support, creates general market and investment strategy commentaries, and acts as a liaison between the investment and client service teams. Prior to joining the firm, Mr. Thomes was a global equity senior research associate for Jeffrey Slocum and Associates, Inc., an institutional investment consultant based in Minneapolis. At Slocum, he was responsible for directing wide-ranging equity research projects as well as conducting equity investment manager due diligence. Mr. Thomes began his investment career as a research analyst at Berthel Schutter LLC, a consulting firm where he conducted equity and fixed income investment manager due diligence.

Mr. Thomes, a CFA charterholder, received his BS in Entrepreneurial Management and Finance from the University of Minnesota.

TIM LARSEN
Head Trader
19 Years Industry Experience
Equity Owner

Mr. Larsen joined H&W in 2004. Prior to joining the firm, Mr. Larsen was the head trader at Quest Investment Co. Inc. He also worked as an equity trader at Sanford C. Bernstein Co. Inc. and Crabbe Huson Group, Inc.

Mr. Larsen received his BS in Business Administration from Oregon State University and is a member of the Security Traders Association of Los Angeles.

Investment Staff Biographies

SANDI GRAVITT

Trade Analyst

41 Years Industry Experience

Equity Owner

Ms. Gravitt joined H&W in 1993. Ms. Gravitt began her career at H&W in portfolio services where she assisted the equity trader and established operational procedures for our prior fixed income strategy. After transferring to the investment technology department, she served as project manager for new initiatives and was responsible for data integrity of various software systems. In 2008, she transitioned into the trade analyst role.

Prior to joining the firm, Ms. Gravitt worked at several banking and thrift institutions in operations and trade support.

ROBIN HENRICH

Senior Trader

14 Years Industry Experience

Equity Owner

Ms. Henrich joined H&W in 2005. Prior to joining the firm, Ms. Henrich was a junior equity trader at Engemann Asset Management and an institutional sales and trading assistant at SoundView Technology Group.

Ms. Henrich received her BA in Economics from University of California, Berkeley and is a member of the Security Traders Association of Los Angeles.

DAVID KANG

Trade Analyst

15 Years Industry Experience

Mr. Kang joined H&W in 2012. Prior to joining the firm, Mr. Kang was a fixed income portfolio analyst at the Capital Group Companies. He also worked at Western Asset Management as a client account transition specialist and at State Street Global Advisors as a data analyst and transition management associate.

Mr. Kang received his BS in Economics from University of California, San Diego and his MBA from Boston University.

Marketing and Client Service Staff Biographies

NIGEL HURST-BROWN

Chief Executive, Hotchkis & Wiley Ltd
37 Years Industry Experience
Equity Owner

Mr. Hurst-Brown joined H&W in 1998 and is responsible for marketing and client service in the UK. Prior to joining the firm, Mr. Hurst-Brown was with Mercury Asset Management as co-head of its international division in 1990 prior to which he spent four years as Executive Chairman of Lloyds Investment Managers, five years with Hill Samuel Investment Management, and three years with Lazard Brothers.

Mr. Hurst-Brown graduated from Bristol University with an honors degree in Economics and Accounting. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

PETER CLARKE, CIMA®

Managing Director
14 Years Industry Experience
Equity Owner

Mr. Clarke joined H&W in 2003 and is responsible for marketing and client service of financial intermediaries, retirement plans, consulting firms and institutional clients in the Eastern United States. Prior to joining the firm, Mr. Clarke worked as an Internal Wholesaler for Pacific Life in the Annuities and Mutual Funds Department. In addition, he has over eight years of selling experience in the entertainment industry and sports marketing.

Mr. Clarke received his BA from Pennsylvania State University and holds designations as a Chartered Mutual Fund Counselor from the College of Financial Planning and CIMA® from the Investment Management Consultants Association. In addition, he is Series 6, 7 and 63 registered.

PAT MCMENAMIN

Managing Director
30 Years Industry Experience
Equity Owner

Mr. McMEnamin has been affiliated with H&W since 1994 and is responsible for marketing and client service for corporate, public, retirement plans, and endowment and foundation funds in the Eastern United States. Prior to joining the firm, Mr. McMEnamin was responsible for institutional business development for Merrill Lynch Investment Managers on the East Coast. Additionally, he was with Morgan Stanley Asset Management from 1989 to 1994 where he was a member of the Client Coverage Team with overall responsibility for institutional relationships in the Mid-Atlantic and Southern regions of the United States. Mr. McMEnamin began his career as a business development officer for John Hancock Financial Services in its Retirement and Institutional Sales Department.

Mr. McMEnamin received his BS in Economics and Business Administration from Saint Leo University. In addition, he is Series 6, 63 and 65 registered.

Marketing and Client Service Staff Biographies

MATT MICHAELSON
Managing Director
12 Years Industry Experience

Mr. Michaelson joined H&W in 2012 and is responsible for marketing and client service of financial intermediaries, retirement plans, consulting firms and institutional clients in the Central United States. Prior to joining the firm, Mr. Michaelson was a Regional Vice President at MFS Investment Management where he was responsible for the sales and service of mutual funds and separate accounts to financial intermediaries, retirement plans and high net-worth individuals. Additionally, he served as a Regional Vice President at OppenheimerFunds.

Mr. Michaelson received his BA from St. John's University in Collegeville, MN. In addition, he is Series 7 and 63 registered.

MARY PAPAMARKOU
Managing Director
23 Years Industry Experience
Equity Owner

Ms. Papamarkou joined H&W in 2005 and is responsible for building and managing strategic partnerships with national Retail and Retirement financial services firms. Prior to joining the firm, Ms. Papamarkou worked in various management roles within Delaware Investments Retail and Retirement Product Management Group. She began her career at Merrill Lynch in 1991 where she held various positions within the firm's Private Client Group division.

Ms. Papamarkou received her BA in Economics from Rutgers University, New Brunswick, NJ. In addition, she is Series 7 and 63 registered.

CHRIS ROLLER, CIMA®
Managing Director
16 Years Industry Experience
Equity Owner

Mr. Roller joined H&W in 2002 and is responsible for marketing and client service of financial intermediaries, retirement plans, consulting firms and institutional clients in the Eastern United States. Prior to joining the firm, Mr. Roller was a Regional Director at John Hancock Private Client Group, responsible for sales and service of separate accounts to institutions and high net-worth individuals. Additionally, he served as a client service representative for 401(k) participant accounts at Fidelity Investments.

Mr. Roller received his BA from Emory University in Atlanta and holds the CIMA® designation from the Investment Management Consultants Association. In addition, he is Series 6, 7, 63 and 65 registered.

Marketing and Client Service Staff Biographies

KRISTIN K. SMITH, CFA, CPA
Managing Director
21 Years Industry Experience
Equity Owner

Ms. Smith joined H&W in 1998 and is responsible for marketing and client service for corporate, public, retirement plans, and endowment and foundation funds in the Western United States. Prior to joining the firm, Ms. Smith held positions in corporate finance and sales for various firms in the entertainment industry.

Ms. Smith, a CFA charterholder and Certified Public Accountant, received her BS in Accounting from University of Southern California and is a member of the Los Angeles Society of Financial Analysts and CFA Institute. In addition, she is Series 7 and 63 registered.

Performance Schedule – Small Cap Value

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return R2000	% Total Return R2000V	# of Accts	Internal Dispersion (%)	Comp. Assets (\$mm)	Total Firm Assets (\$mm)
2014	13.2	12.4	4.9	4.2	8	0.6	2,265	32,190
2013	48.3	47.3	38.8	34.5	6	0.7	1,829	25,962
2012	24.4	23.6	16.4	18.1	6	1.0	1,092	18,781
2011	-10.1	-10.7	-4.2	-5.5	7	0.4	881	16,171
2010	44.3	43.4	26.9	24.5	8	0.5	926	18,148
2009	63.9	62.9	27.2	20.6	7	n/m	641	14,494
2008	-43.5	-43.9	-33.8	-28.9	8	0.3	305	10,807
2007	-17.6	-18.2	-1.6	-9.8	11	0.6	932	27,698
2006	3.9	3.1	18.4	23.5	16	0.2	1,530	35,571
2005	11.9	11.0	4.6	4.7	17	0.5	1,745	29,613

n/m – not considered meaningful for composites with five accounts or less for the full year.

Hotchkis and Wiley Capital Management, LLC (the “Firm” or “H&W”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. H&W has been independently verified for the periods October 9, 2001 through December 31, 2013. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small Cap Value Composite has been examined for the periods October 1, 1985 through December 31, 2013. The verification and performance examination reports are available upon request.

H&W is an independent investment management firm registered with the U.S. Securities and Exchange Commission and manages value equity and high yield assets for institutional and mutual fund investors. Its predecessor firm was established in 1980. The equity team of the predecessor firm established H&W in October 2001. The performance history of Firm composites prior to October 9, 2001 is comprised of the performance history of the accounts managed by the predecessor firm. There has been no material change in the investment strategy related to these products as a result of the establishment of H&W.

H&W refers to itself as a “registered investment adviser” in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, H&W is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser is not an indication that H&W or its directors, officers, employees or representatives have attained a particular level of skill or ability.

Valuations and returns are stated in U.S. dollars. Investment returns include reinvestment of dividends, interest, and capital gains. Gross performance results are presented before management and custodial fees but after all trading expenses. Net performance results are presented after actual management fees (including performance-based fees if applicable) and all trading expenses but before custodial fees. H&W’s management fees are described in Part 2A of its Form ADV. The standard Small Cap Value management fee schedule is 100 basis points on assets managed. Internal dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the Composite for the entire year. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is no guarantee of future performance.

Composite: The Composite includes all Small Cap Value discretionary accounts. The Small Cap Value investment strategy seeks capital appreciation primarily through investments in common stocks of small cap U.S. companies. The typical market cap range is \$100 million to \$3 billion and the number of stocks in the portfolio generally ranges from 50 – 100 securities. Accounts with significant cash flows ($\geq 10\%$ of beginning of the month assets for the periods January 1, 2006 through December 31, 2010, and $\geq 25\%$ effective January 1, 2011) are excluded from the respective month’s composite calculation and included in the subsequent month. (Composite creation: 1985)

Indexes: The Russell 2000® Index (“R2000”), an unmanaged index, measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Russell 2000® Value Index (“R2000V”) measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The indexes assume reinvestment of dividends and capital gains, and assumes no management, custody, transaction or other expenses. The value disciplines used in managing the accounts in the Composite may prevent or limit investment in major stocks in the R2000 and R2000V and returns may not be correlated to the indexes. Benchmark returns are not covered by the report of independent verifiers.

The 3-year annualized standard deviation measures the variability of the composite (using gross returns) and the benchmark(s) returns over the preceding 36-month period ended:

	3-Year Annualized Standard Deviation (%)		
	Composite	R2000	R2000V
2014	12.8	13.1	12.8
2013	18.3	16.5	15.8
2012	22.7	20.2	19.9
2011	29.4	25.0	26.0

Endnotes

Hotchkis & Wiley selected the representative firm-wide clients listed based on a variety of objective criteria including the type (corporate, non-profit, public, Taft-Hartley and subadvisory), size and strategy of the account. It is not known whether or not the listed clients approve or disapprove the services provided by Hotchkis & Wiley.

Investment returns include reinvestment of dividends, interest and capital gains. Valuation is based on trade-date information. The investment returns presented gross of fees do not reflect the deduction of investment advisory fees. Actual returns will be reduced by the amount of investment advisory fees and any other expenses, such as custody fees, incurred in the management of the account.

Over a ten-year period, for example, if a client had experienced gross returns of 10% per year, its initial US\$1,000 investment would have grown to US\$2,594.

Small Cap Value: If the client paid an annual investment management fee of 100 basis points, its net compounded returns would have averaged 9.00% per year and its investment would have grown to US\$2,367.

Standard fees are described in Part 2A of the Form ADV of H&W.

Investing in smaller, medium-sized and/or newer companies involves greater risks not associated with investing in large company stocks, such as business risk, significant stock price fluctuations and illiquidity.

The Fama/French benchmark portfolios are rebalanced quarterly using two independent sorts, on size (market equity, ME) and book-to-market (the ratio of book equity to market equity, BE/ME). The size breakpoint (which determines the buy range for the Small and Big portfolios) is the median NYSE market equity. The BE/ME breakpoints (which determine the buy range for the Growth, Neutral, and Value portfolios) are the 30th and 70th NYSE percentiles.

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Past performance is no guarantee of future performance.