



MID CAP VALUE EQUITY STRATEGY

2011 may well be remembered as a year best forgotten. It was a discouraging and frustrating period in many respects. Recalling our optimism going into the year, we observed as it ended that many of our hopes and expectations, as well as those of other Americans, were not realized.

We had hoped for a more peaceful world, yet we witnessed the emergence of the Arab Spring, continuing conflicts in Afghanistan and Iraq, and the growing civil unrest within our own nation, as reflected by the Occupy Wall Street movement. The Occupy Wall Street movement became a metaphor for the growing divide between the super-wealthy (the top 1%) and the rest of the U.S. population (the 99%).

We had hoped for a higher rate of global economic growth. However, by mid-year, the eastern hemisphere began to show signs of slowing growth, and many of the countries in the European Union began to reveal debt loads that may well threaten the economic stability of the entire region, both politically and financially. This sovereign debt crisis eluded a long-term solution in 2011, and continues to be a prominent issue as we enter 2012.

On the home front, perhaps the most frustrating experience throughout the year was observing the seemingly endless bickering among our nation's legislators in Congress that resulted in little or no progress towards the development of solutions to our own economic problems, including the structural budget deficit, a stubbornly-high unemployment rate, and the on-going housing crisis. Disillusionment with our politicians is certain to be on display from voters this fall.

The U.S. equity market's trajectory in 2011 reflected this lack of economic progress and frustration with our leaders. The Dow Jones Industrial Average ended the year with a modest gain of 5.5% and the S&P 500 ended up 2.11% for the year. The Russell 3000 Index, which represents a broader measure of stock market performance, generated a return of only 1% in 2011.

The U.S. Bond market was the major beneficiary of the geo-political and macro-economic uncertainty and related volatility in the stock market. Despite historically low yields in bonds seen at the start of the year, the 10-

4th Quarter 2011 Commentary

year U.S. Treasury bond yield declined by an astounding 147 basis points (bps) to close the year at 1.89%, a more than 43% decline in yield over the calendar year.

HCM PERFORMANCE

The economic uncertainty and market volatility of 2011 were formidable challenges to us, as well as to most equity investors, but we believe that our disciplined approach to investing, which is intensely focused on managing risk, helped us produce solid results for the year. In the final quarter of 2011, **our Mid-Cap Value Composite gained 20.63% Gross of Fees and 20.38% Net of Fees.** Our portfolio outperformed our primary benchmark, the Russell Mid Cap Value Index, by 726 bps gross of fees and 701 bps net of fees for the quarter. Against our secondary benchmark, the Russell Mid Cap Index, we outperformed by 832 bps gross of fees and 807 bps net of fees.

Our stock selection made the most significant contribution to our relative outperformance during the period, adding 5.91%, while sector selection also added an additional 1.41%. For the fourth quarter of the year, our exposure in Energy (2.66%) and Information Technology (1.43%) contributed the most in terms of our sectors. All of our sectors showed positive returns except Consumer Staples, which was modestly negative (-0.13%). Cash detracted from our performance by 56 bps.

For the full year, our portfolio outperformed all Russell and S&P U.S. market indexes, gaining 9.52% Gross of Fees, and 8.44% Net of Fees. Against our primary benchmark the Russell Mid-Cap Value Index, our portfolio performance exceeded our primary benchmark by 1090 bps gross of fees and 982 bps net of fees. Against our secondary benchmark, the Russell Mid-Cap Index, we outperformed by 1107 bps gross of fees, and 999 bps net of fees.

Our stock selection was the biggest contributor to performance over the past year, significantly offsetting modest negative sector selection. Our Industrial, Consumer Discretionary and Energy companies made the largest contributions to performance relative to our benchmark. Our Financial sector holdings detracted somewhat from our performance.

HAHN CAPITAL MANAGEMENT, LLC

Performance History

% Annualized Returns As of 12/31/2011	4Q 2011	1 Year	3 Years	5 Years	10 Years	Since Inception 06-30-88
HCM Gross of Fees	20.63%	9.52%	23.48%	6.89%	9.45%	14.56%
HCM Net of Fees	20.38%	8.44%	22.30%	5.83%	8.38%	13.46%
Russell Mid Cap Value Index	13.37%	-1.38%	18.19%	0.04%	7.67%	10.99%
Russell Mid Cap Index	12.31%	-1.55%	20.17%	1.41%	6.99%	10.77%

Hahn Capital Management, LLC ("HCM") is an investment adviser registered with the Securities and Exchange Commission. Hahn Capital Management, LLC is not affiliated with any parent organization.

HCM claims compliance with the Global Investment Performance Standards (GIPS®).

HCM employs a Mid Cap Value Strategy for portfolios in the HCM Mid Cap Value Composite. The foundation of HCM's investment selection process is bottom-up, fundamentally-driven security selection. Our approach combines our original quantitative research with our fundamental judgment. We place significant emphasis on due diligence to assess the risk potential of each investment candidate before assessing its return potential. The discovery of value within specific securities, rather than market sectors, drives the construction of the portfolio. Our in-depth research process results in a concentrated portfolio of companies.

Composite Description: All actual, fee-paying, discretionary portfolios are included in at least one composite and there are no non-fee paying portfolios included in any composite. List of composite descriptions is available upon request. The mid cap value equity strategy composite includes all actual, fee-paying, discretionary taxable and tax-exempt portfolios that do not contain any restrictions, which were under management for the first full month for which results were calculated.

Performance results are determined with monthly valuations geometrically linked for period returns. The U.S. Dollar is the currency used to express performance. It should not be assumed that past performance is indicative of future results. Results are based on fully discretionary accounts under management, including accounts no longer with the firm. All performance calculations are on a time-weighted, asset-weighted return basis and include the reinvestment of all income. Net of fee performance is net of an annual, model management fee of 1.00%, commissions and custodian fees. The model fee is the highest fee charged to any account included in the HCM Mid Cap Value Composite. Gross of fee performance is gross of management fees and net of commissions and custodian fees. HCM's advisory fees are described in its Form ADV Part II. The fee schedule for the HCM Mid Cap Value Composite: First \$5 MM at 1.00%, Over \$5 MM but less than \$10 MM at 0.70%, Over \$10 MM but less than \$15 MM at 0.60%, Over \$15 MM Negotiated. Actual fees for each client may vary. Non-discretionary portions of an otherwise discretionary portfolio have been excluded from composite performance. Performance calculations; June 1988 to December 1999 excludes all non-discretionary cash from an otherwise discretionary portfolio, consistent with guidelines established by client(s) designating un-invested cash as non-discretionary assets. HCM Mid Cap Value Composite was created on June 30, 1988.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

HCM compares performance of its Mid Cap Value Equity Composite against the Russell Mid-Cap Value Index, which is an unmanaged index and does not reflect any adjustment for management fees or other transaction costs. The Russell Mid-Cap Value Index measures the performance of those Russell Mid-Cap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. The returns shown reflect the reinvestment of dividends.

The Index information contained herein has been obtained from sources that we believe to be reliable, but its accuracy and completeness are not guaranteed. It has been prepared solely for informative purposes. It is made available on an "as is" basis and should not be viewed as solicitation for business. The information contained herein may not be reproduced, in whole or in part, in any form, other than for your own personal, noncommercial use.

To obtain a compliant presentation and/or list of composites, please contact:

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PORTFOLIO ACTIVITY

New Positions

There were no new positions established during the fourth quarter.

Positions Increased

Western Union (WU) – We added to our position in Western Union and growth in its core business has started to accelerate after a very slow recovery since 2009. Western Union closed its acquisition of Travelex, the global leader in business-to-business payments during the quarter. This will diversify and enhance

Western Union's leadership position in the business payments market and drive future earnings growth.

Western Union trades at 10 times its expected 2012 earnings per share.

CIT Group (CIT) – We continued to add to our position in CIT Group during the fourth quarter. CIT continues to make excellent progress re-structuring the liability side of its balance sheet. CIT continues to be able to find profitable niches to grow its primary business of asset-based lending and is expected to grow its balance sheet in 2012. CIT is unique among lending institutions for having a very conservatively stated book value and significant excess capital with which to

prudently grow the earnings power of its business over time.

Global Payments, Inc. (GPN) - We added to Global Payments during the fourth quarter as we believe that 2012 will be a year for GPN to re-accelerate growth that paused during 2011. Global Payments established a new partnership in Spain during 2011 and expects significant profit growth in the U.K., and its Asian operations continue to drive very impressive growth and margins. Global Payments trades at only 12.5 times its expected 2012 earnings per share, has a very strong balance sheet and multiple long-term growth opportunities.

Weatherford International, Inc. (WFT) – We added to Weatherford during the quarter as the 2012 outlook has brightened considerably for the company after a transitional year in 2011. Weatherford is one of the world’s leading oil services companies with unique and value-added expertise in enhancing the drilling and production results of the world’s leading oil & gas companies. Weatherford trades at only 10 times its expected 2012 earnings per share.

Positions Reduced

Neustar, Inc. (NSR) – We reduced our position in Neustar during the quarter as market appreciation caused the position to size to rise above our 5% limit. Neustar remains the dominant provider of database solutions for communication providers across the globe. Neustar announced a significantly accretive acquisition during the fourth quarter of Targus Information Services, a privately held provider of enhanced communication services such as Caller ID. Simultaneously, Neustar announced the re-purchase of over 15% of its outstanding share through a Dutch Auction-style buyback program. Neustar trades at only 14 times its expected 2012 earnings per share.

Chart Industries (GTLS) – We continued to reduce our position in Chart Industries as it approached our near-term target price. A long-term global market is rapidly developing for liquified natural gas, benefiting Chart, which is the premier provider of liquefaction equipment to this industry. Despite our optimism for this opportunity over the long-term, Chart appreciated more than 60% in 2011 and reflected much of our considerable near-term enthusiasm.

Carter’s, Inc. (CRI) – We reduced our position in Carter’s during the quarter as market appreciation caused

the position to rise above our 5% limit. Carter’s benefitted greatly during the second half of the year from significant sales growth as well as a significant drop in the price of cotton, its single largest input cost, which should help lift margins later in 2012.

Southern Union Corp. (SUG) – We continued the process of scaling back our position in Southern Union during the fourth quarter. Southern Union is being acquired by Energy Transfer Partners at a valuation that we believe recognizes the company’s full value. The transaction is expected to close in the first quarter of 2012.

Positions Sold

There were no positions sold during the fourth quarter.

OUTLOOK /PORTFOLIO STRATEGY

As we enter the New Year, we see the economic and financial market environment as a mixed bag of positives and negatives.

On the negative side, it is our view that the key structural impediment to a re-acceleration of growth in the United States is our nation’s out-sized budget deficit. Our government spends \$3 for every \$2 in tax receipts, necessitating net annualized borrowing of over \$1 trillion. With on-balance sheet U.S. Government Debt (not including unfunded entitlement liabilities) now greater than 100% of annual GDP, the debt itself becomes a drag on potential economic growth as the debt service alone represents almost one third of our annual budget. We believe that until there is a path towards reducing our deficit, it will be difficult to return to a more “normalized” long-term growth rate in GDP.

Additionally, we expect the sovereign debt crisis in Europe to be a continuing risk to the security and stability of global financial markets for some time to come. The austerity measures that currently are being considered and/or adopted will likely take a bite out of GDP growth across the European continent and may trigger a serious recession, if not managed carefully.

On the positive side, as we noted earlier, U.S. corporations are in excellent shape in many respects. The ability of much of the nation’s business sector to adapt to difficult market conditions, increase productivity, and create shareholder value continues to impress us.

As we look ahead, we see some attractive long-term themes that bear watching. One of the most interesting is in the Energy sector. There have been tremendous improvements during recent years in the technologies for finding and developing our domestic energy resources. America is now the world's largest producer of natural gas, while the production of domestic oil is increasing significantly as well. Within a few years, if properly incented, the U.S. could move meaningfully toward energy self-sufficiency, and could become a net exporter of its petroleum resources.

In addition, we would note that U.S. manufacturing is currently on an upswing. In an October 2011 report, entitled "Made in America", the Boston Consulting Group estimated that 800,000 manufacturing jobs could be returned to the U.S. by the middle of this decade. The report further suggested that each of those additional manufacturing jobs could create as many as four new supporting-job positions (e.g. restaurants, transportation, etc.).

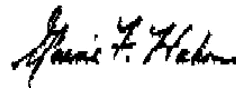
Aiding this transition is the fact that labor and transportation costs have been rising in China and other low-cost regions, making it less attractive for American companies to outsource manufacturing operations. Manufacturing domestically has the added advantages of excellent governance, greater reliability, and far less chance of intellectual property theft, raising the possibility that "Made in the U.S.A." could again become a popular mantra.

Entering the New Year, it is our view that equity valuations do not appear particularly extended. However, going forward, they may be constrained somewhat by the fact that corporate profit margins in many economic sectors have reached near-peak levels. In addition, the rising dollar against the EURO and other foreign currencies may crimp margins for those companies with a large international presence.

Still, we believe that many of our nation's business enterprises are positioned to perform well in 2012. As we noted earlier, corporate balance sheets are in great shape, and many companies have substantial cash reserves to fuel their growth strategies, and to return capital to shareholders. We also expect that companies who are positioned well in emerging and developing markets will see better growth than those whose business is limited to the U.S. and other more developed markets.

We believe that our portfolio is appropriately risk-adjusted and structured to perform well in the environment that we expect to emerge in the months ahead. Our strategy is to continue to look for high-quality companies who are innovative, creative, disciplined, and who employ conservative financial management.

As always, we welcome any comments or questions from our clients and colleagues.



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Russell® Midcap Value Index is an unmanaged market capitalization-weighted index of the smallest 800 companies included in the Russell 1000 Index that exhibit value-oriented characteristics. The Russell 1000 Index is comprised of the 1,000 largest U.S. domiciled companies.

Russell® Midcap Index is an unmanaged index that measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 26% of the total market capitalization of the Russell 1000 Index.