



HGK All Cap Value

As of March 31, 2012

Firm Overview

- Founded in 1983
- 100% employee owned
- Low professional turnover
- Located in Jersey City, NJ
- Over \$4.5 billion AUM

Equity Discipline

- Time tested, consistent process
- Identify undervalued securities
- Evaluate economic performance
- Focus on fundamental drivers
- Strict sell discipline

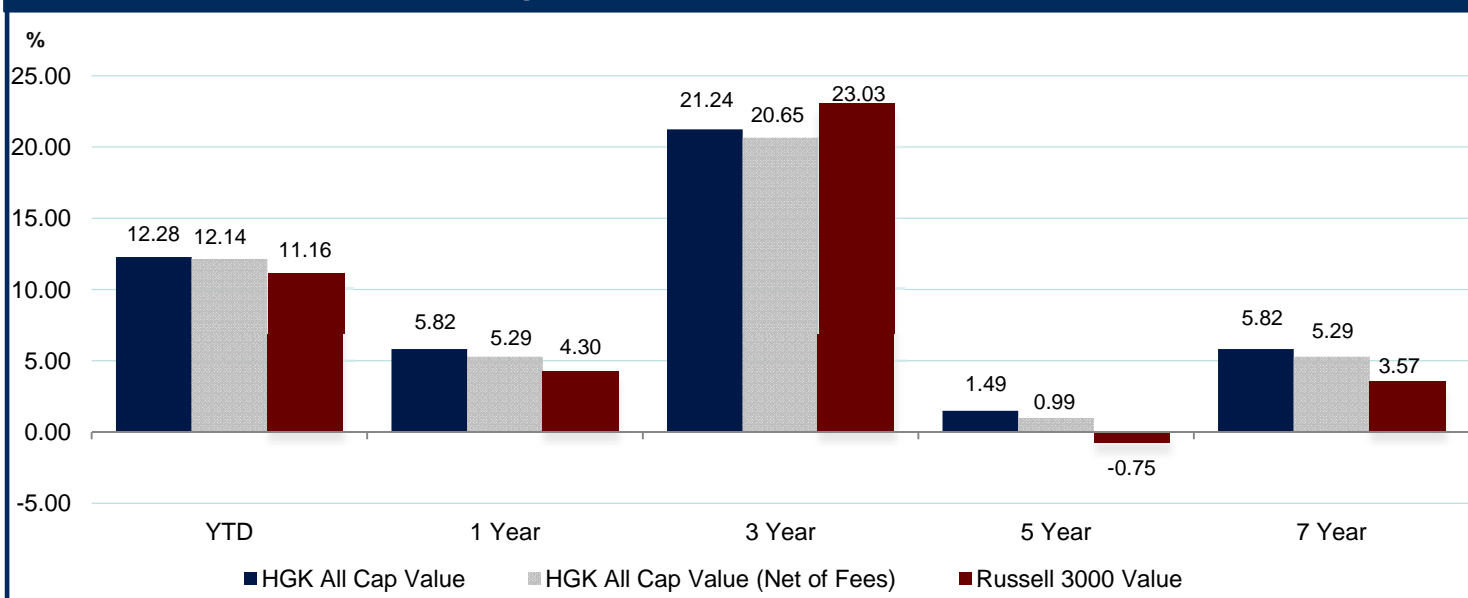
Strategy Characteristics

- 50% average annual turnover
- 55-65 Holdings
- Fully invested at all times

Calendar Year End Performance

	2011	2010	2009	2008	2007	2006	2005
HGK All Cap Value	-0.09%	13.92%	24.11%	-35.51%	9.35%	20.48%	10.76%
Russell 3000 Value	-0.10%	16.24%	19.74%	-36.25%	-1.02%	22.34%	6.85%

All Cap Value Annualized Performance



Portfolio Characteristics

	HGK All Cap Value
Wtd. Avg. Market Cap	\$66.6 B
Median Market Cap	\$17.4 B
P/E Ratio	13.3x
Price/Book	1.58x
Price/Sales	1.52x
5 Yr. EPS Growth	8.2%
ROE 5 Year	14.87%
Number of Holdings	65
Dividend Yield	2.35%
Beta	0.99

Sector Weightings

	HGK All Cap Value
Consumer Discretionary	8.0%
Consumer Staples	7.2%
Energy	12.9%
Financials	20.7%
Health Care	15.7%
Industrials	9.7%
Information Technology	12.6%
Materials	3.8%
Telecomm Services	4.1%
Utilities	5.4%



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Top 10 Holdings

1. JPMorgan Chase <i>Financials</i>	3.18%
2. Allstate <i>Financials</i>	2.60%
3. MetLife <i>Financials</i>	2.50%
4. Chevron <i>Energy</i>	2.43%
5. Microsoft <i>Information Technology</i>	2.37%
6. Merck <i>Health Care</i>	2.37%
7. American Electric Power <i>Utilities</i>	2.33%
8. Exxon Mobil <i>Energy</i>	2.25%
9. McKesson <i>Health Care</i>	2.18%
10. Danaher <i>Industrials</i>	2.18%
TOTAL	24.39%

Equity Outlook

Equities have posted the best start to a year since 1998. The DJIA is up 8.1% while the S&P 500 is ahead by more than 12%. It appears that a degree of normalcy is returning to the markets as equities are moving less in unison with other asset classes than they did in the second half of 2011. The U.S. economy is showing signs of life, particularly on the jobs front, Central Banks have extended efforts to support economic growth and Europe has at least temporarily stepped back from the brink of collapse. Investors have scaled back holdings of high quality, low-yielding government debt that had been a safe haven from last year's turmoil. Correlations are down reflecting a healthier market particularly for active managers. P/E multiples have expanded gradually. Even the complexion of market leadership has changed from last quarter. Defensive stocks and yield plays like Utilities which led the way in 2011 have given way to low P/E and cyclically related issues like Financials and Technology so far in 2012.

Last year, reflecting extreme levels of uncertainty and concern about Europe as well as the prospects for the domestic economy, correlations between different investments hit historical highs. Riskier assets including stocks, commodities and emerging market currencies tended to rally together on "risk on days" when investors were more confident and sell off as worried investors rushed for safety when markets were in "risk off" mode. Throughout this year both volatility and correlation continue to decline and equities seem driven more by underlying fundamentals. The economy appears to be sustaining its momentum. Jobless claims have fallen to the lowest level since March of 2008 and the U.S. household sector has reduced much of its excess debt. With yields reaching historic lows and risk appetite rising, it is quite possible that investors may start moving money into areas that offer better return opportunities like equities. Today stocks are still attractively valued and in our opinion are still discounting a more bearish environment than is warranted. To this point, despite the recent rally the U.S. Equity Risk Premium remains near 2008 credit crisis levels. Clearly issues pertaining to macro events weigh on equity valuations and this will continue into the future. However even considering this as well as the prospect for higher taxes and political uncertainty stocks still look appealing especially relative to bonds in the current interest rate environment.

Caution is still advised though as in each of the past two years early rallies were followed by a sharp drop back in markets later on in the year. This year may very well follow this pattern to some extent but we do have somewhat more clarity to some of the most pressing macro issues while others are still problematic. In the short-term a lot of the downside risk has been taken out of the market through the action of the Federal Reserve and the European Central Bank. These problems however have not been solved and will undoubtedly surface from time to time pressuring the stock market. Corporate earnings are not looking as strong as last year. Profit margins may be at a peak level and could become a drag on share prices in a slow growth environment. As revenue gains slow, companies may have a harder time boosting earnings power as profit margins contract. Additionally we are still not at normal. The list of issues facing the financial system is numerous. Europe is likely in a recession, countries like Spain, Portugal and Italy are in a difficult state, China appears to be slowing modestly, the U.S. economy is plagued by sluggish employment growth and a housing market that has yet to bottom and the U.S. Fiscal outlook is clouded by political gridlock and the pending Presidential election.

In general we see a more supportive environment for equities. Better economic conditions domestically, less severe strain in Europe and reduced overall financial stress should bias the market to the upside. Valuation and fundamentals should become more critical and important within the investment process as a driver of price appreciation. Return of capital via dividends and share buybacks will also be significant with respect to total return. As such HGK will continue to focus on companies with solid and rational wealth creation strategies with respect to their cash. The potential for bearish swings brought on by macro issues will make for a choppy ride and favor a balanced approach with respect to sector allocation. Given this fact a more proactive and tactical approach is warranted with respect to the portfolio. Technology and Healthcare exhibit both strong cash flow generation and attractive valuation therefore warranting an overweight. Financials remain our largest underweight and from a tactical standpoint we have increased our Utility weighting closer to the market.

HGK Asset Management, Inc. is an independent registered investment advisor with its main office located in Jersey City, New Jersey. The All Cap Value Composite includes all discretionary portfolios invested in U.S. equity securities of any market capitalization that exhibit value characteristics. All accounts are commission paying (non-Wrap). The Composite is benchmarked against the Russell 3000 Value Index.

Gross returns are presented before the deduction of management fees and are net of all transaction costs. Valuations are computed in and performance results are reported in US Dollars. HGK Asset Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®). A compliant presentation and/or a complete list and description of the firm's composites are available upon request: please contact Adam Gerentine at 201-659-3700 or performance@hgk.com.