



# HGK International Equity

**As of March 31, 2012**

## Firm Overview

- Founded in 1983
- 100% employee owned
- Low professional turnover
- Located in Jersey City, NJ
- Approximately \$4Billion AUM

## Equity Discipline

- Bottom up research approach
- Fundamental analysis
- High quality companies
- Strict sell discipline

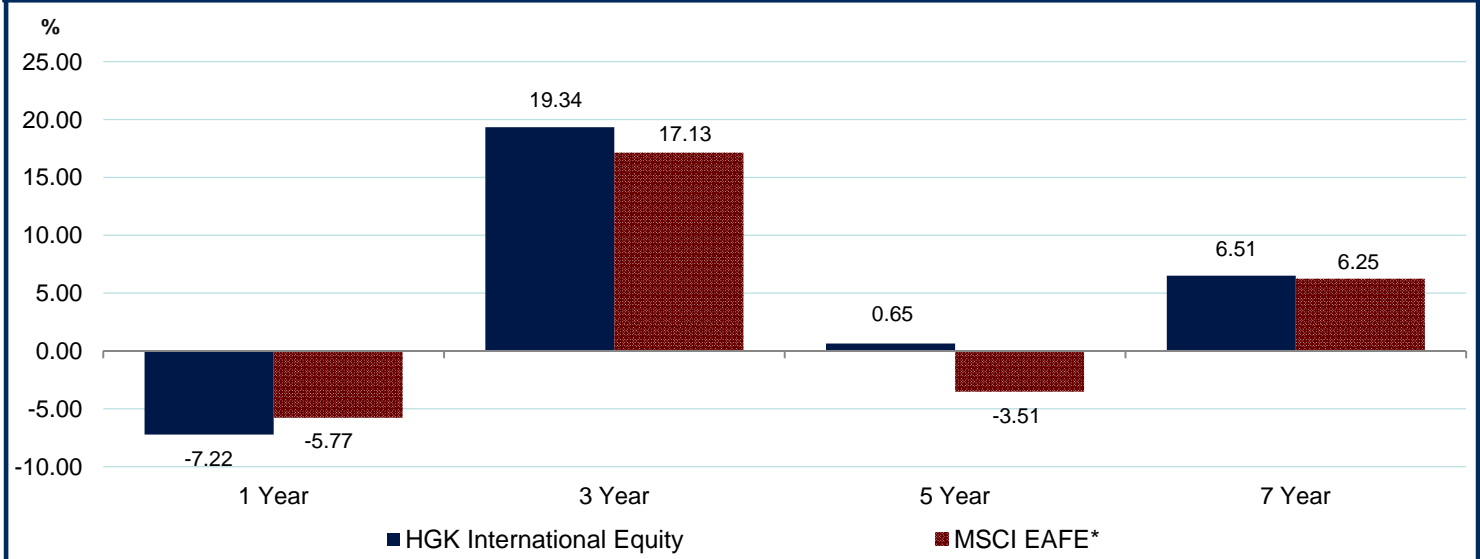
## Strategy Characteristics

- \$448 million AUM in Global Equities
- 30 holdings
- Fully invested at all times

## Calendar Year End Performance

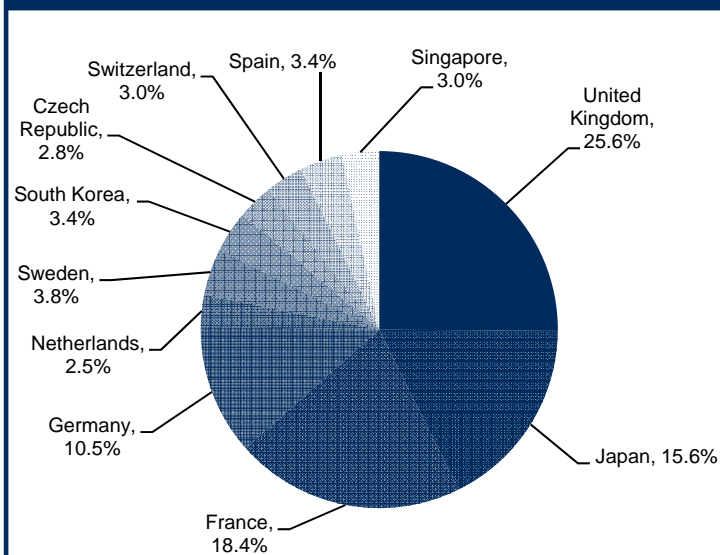
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>HGK International Equity</b>	-15.97%	10.35%	47.06%	-41.19%	12.54%	29.13%	18.08%	18.55%	43.69%
<b>MSCI EAFE*</b>	-12.14%	7.76%	31.78%	-43.39%	11.21%	26.35%	13.56%	20.24%	33.36%

## International Equity Annualized Performance

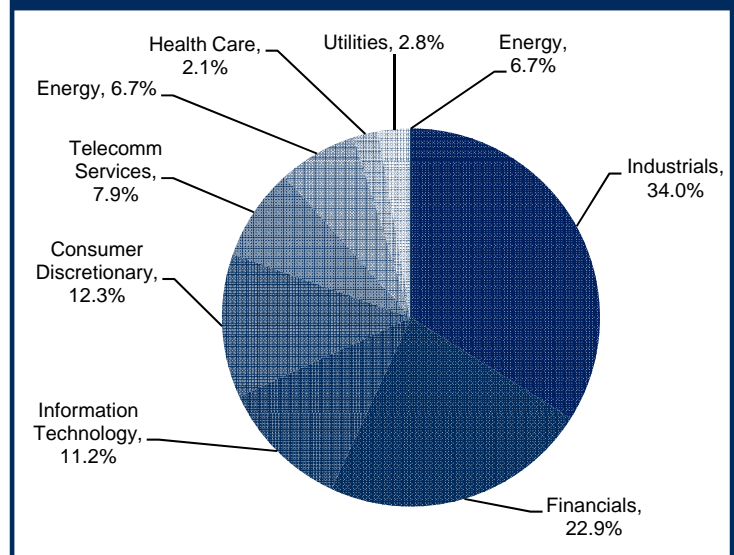


\* The benchmark represents the net total return and measured in US dollars.

## Geographic Distribution



## Sector Allocation





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## Portfolio Characteristics

	P/E Ratio	Price/Book	EV/EBIT	Beta	Dividend Yield
HGK International Equity	11.4x	1.3x	9.7	1.12	3.38%
MSCI EAFE	11.2x	1.4x	10.1	1.00	3.84%

## Top 10 Holdings

<b>1. MTU Aero Engines</b> <i>Industrials</i> Germany	4.27%
<b>2. Christian Dior</b> <i>Consumer Disc.</i> France	4.26%
<b>3. BBA Aviation</b> <i>Industrials</i> United Kingdom	4.09%
<b>4. Infineon Technologies</b> <i>Information Tech.</i> Germany	4.09%
<b>5. Accor</b> <i>Consumer Disc.</i> France	4.06%
<b>6. Sumitomo Heavy Industries</b> <i>Industrials</i> Japan	4.00%
<b>7. ITV</b> <i>Consumer Disc.</i> United Kingdom	3.99%
<b>8. Lloyds Banking Group</b> <i>Financials</i> United Kingdom	3.84%
<b>9. Royal Dutch Shell</b> <i>Energy</i> United Kingdom	3.81%
<b>10. Ericsson</b> <i>Information Tech.</i> Sweden	3.76%
<b>TOTAL</b>	<b>40.18%</b>

## Global Insight

The first quarter of 2012 was an excellent one for our clients as the fund performance was strong, the global portfolios up indicatively by 460 basis points more than the market and the international portfolios up on the same basis by 320 basis points, thereby recapturing much of the drag from 2011. As noted in the annual report sent to clients in January we stuck to our process and approach in 2011, believing that much of the pain was being caused by macro-economic dislocation unrelated to the fundamentals of the companies in which we were invested. As a result, many of the best individual stock performers in the first quarter of 2012 were amongst the worst in 2011; our long term perspective once again was vindicated. The quarter was also a tremendous one for the business at Trinity Street as assets under management almost doubled and we hired a fabulous new investment manager with 30 years of experience to replace Matthew Beesley who left us after 3 years and who we wish well in his new career. The excitement of our clients on the prospects for their investments encourages us to look forward to a strong future.

The quarter began with great uncertainty among the global equity investment community, with a well regarded survey of manager positioning suggesting that most portfolios were defensively structured after a difficult 2011, the exposure to financial stocks particularly low, as was the exposure to Europe and Japan. The new leadership at the European Central Bank provided by Mr. Draghi proved that innovative action aimed at revitalizing the European economy and the balance sheets of its lenders was not a vain hope, and his early action led to a surge in the prices of financial stocks as the risk of bankruptcies receded. They were in effect provided capital to arbitrage between the cost of money from the ECB at 1% and their own domestic bond markets over a 3 year period, thereby providing a substantial windfall as well as pushing down the bond yields of Italy and Spain, the country's most sensitive to the impending Greek default. With the incremental potential positive of a less constrained lending environment the rest of the stock market in Europe also performed well, even if the ongoing economic releases did not yet reflect the changed environment (and they are unlikely to do so for some time as the improved fundamentals gradually feed through to the wider economy). We recognized the changed environment early in January and were able to benefit from much of the upside with new holdings in several financial stocks.

Individual stock contribution in the first quarter has included some wonderful performances, led by Turkish conglomerate Sabanci Holdings and German industrial semiconductor manufacturer Infineon, as well as the banks Société Générale of France and Lloyds of the UK. Infineon performed strongly in the quarter as confident results and outlook from the company combined with signs of a turnaround in the industrial semiconductor sector. Société Générale rose by over 30% from our purchase price as the threat of a liquidity crisis receded with the broadening and lengthening of the ECB liquidity facilities. Lloyds recovered as the Eurozone concerns eased and the return of the CEO coincided with some improvement in the UK outlook. CapitaMalls Asia benefitted from some recovery in sentiment about the property sector in China. In our global portfolios Europe represented 41% of our assets and generated over 70% of the incremental return, with the US the second most important contributor; in our International portfolios the European performance was the overwhelming contributor. Stock specific drags on the portfolio included KPN, the Dutch telecom operator, Sumitomo Heavy in Japan and Santander in Spain. KPN has lagged the recovery in risk assets in the quarter and the flotation of the cable operator Ziggo has highlighted the pressure on the fixed side of the business.

HGK Asset Management, Inc. is an independent registered investment advisor with its main office located in Jersey City, New Jersey. HGK owns a minority interest of approximately 10% in Trinity Street Asset Management, based in London. The investment management team for Trinity Street manages all of HGK's International and Global composite assets out of its London office and is supported by HGK's back office and client service personnel. Prior to 2002, HGK had a sub-advisory relationship with the same portfolio management team that now manages assets at Trinity Street. This relationship began in 1998. Trinity Street is separate from HGK Asset Management and does not claim compliance with the Global Investment Performance Standards.

The International Equity Composite contains all discretionary portfolios invested in European, Asian, or Far Eastern (EAFE) equity securities. All accounts are commission paying (non-Wrap). The Composite is benchmarked against the MSCI EAFE Index, net of withholding taxes and calculated in US Dollars.

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.