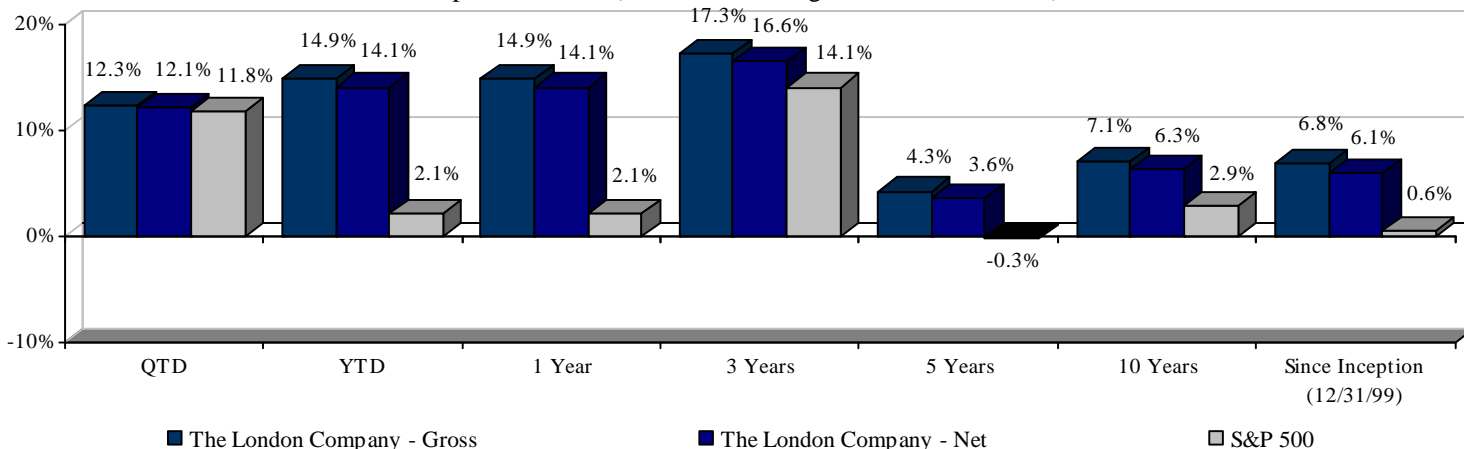


# THE LONDON COMPANY

## INCOME EQUITY Q4 2011

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Composite Returns (Annualized through December 31, 2011)\*



### Investment Philosophy

The London Company's High Dividend, Total Return product is a conservative, high-income-with-growth portfolio focused on capital preservation, income and growth – in that order. We seek profitable, financially stable, core companies that consistently focus on generating high dividend income, are run by shareholder-oriented management and trade at reasonable valuations. Our Income Equity portfolios are designed to generate above-average, absolute returns over full 5-year market cycles and to avoid significant losses in down markets.

### Portfolio Managers

#### Stephen M. Goddard, CFA

- 25+ Years Experience; Managed Portfolio Since Inception

#### Jonathan T. Moody, CFA

- 22+ Years Experience; Managed Portfolio Since 2002

#### J. Wade Stinnette, Jr.

- 25+ Years Experience; Managed Portfolio Since 2008

#### J. Brian Campbell, CFA

- 11+ Years Experience; Managed Portfolio Since 2010

#### Mark E. DeVaul, CFA, CPA

- 15+ Years Experience; Managed Portfolio Since 2011

### Firm Update

The London Company continues to experience increasing interest and growth, with total firm AUM over \$2.5 billion (\$5.0<sup>1</sup> billion total entity assets). Our reputation has spread globally, presenting us with larger opportunities to accelerate the firm's growth. As we grow, we continue to add quality staff to the team. We are pleased to announce Andrew Wetzel has been promoted to the firm's Chief Compliance Officer effective 1/1/2012. In addition, Robin Taylor, Operations & Compliance Administrator, has rejoined our firm. Robin has 30+ years of experience in the investment industry.

<sup>1</sup> Includes model program assets \$2.5 billion as of 12/31/2011. This is a supplement to the fully compliant presentation on back.

### Portfolio Characteristics

12/31/11

	TLC Income Equity		TLC Income Equity*	S&P 500
# of Holdings	30	Price/Earnings (Fwd)	13.0x	12.7x
Beta (5 yr)	0.75	Price/Book	2.4x	2.0x
Alpha (5 yr)	4.1	Price/Cash Flow	10.0x	7.0x
Sharpe (5 yr)	0.17	Yield	4.1%	2.1%
Up/Down (5 yr)	87/69	Wtd. Avg. Mkt. Cap.	\$88.3	\$96.5
Std. Dev. (5 yr)	16.7	Median Mkt. Cap.	\$60.2	\$10.9

\*Excludes Preferred Stock

Source: eVestment Alliance & FactSet 12/31/11

### Portfolio Review & Outlook

The London Company's Income Equity portfolio performed well in 2011, ending the year notably ahead of the S&P 500 and the Russell 1000 Value Index. The S&P 500 ended the year practically where it began. After returning a respectable 11.8% in the fourth quarter, the S&P 500 finished 2011 up just 2.1%. Remove the dividends and the return was indiscernible at -0.003%. That's not implying the ride was smooth sailing. In fact, volatility was again severe and confidence remained stubbornly low. Positive stock selection continued through the fourth quarter and enabled us to gain further ground on the index despite the seasonal year-end rally. Specifically, we benefitted greatly from our top weighted positions performing well and meaningfully contributing to returns. The risk-averse environment was a welcome tailwind and a reversion from the year prior, benefitting our conservative, lower-beta portfolio.

The best performing sectors of the S&P 500 for the quarter were the traditionally defensive Utilities, Consumer Staples, and Health Care sectors. The three worst S&P 500 sectors, and the only negative sectors despite the meager 2.1% return for the entire index, were Financials, Materials, and Industrials. Our allocation to the sectors was nominal with all full-year outperformance being driven by stock selection.

Current equity valuations are compelling and the risk of waiting for the skies to clear appears great. Our investment horizon looks beyond the near-term uncertainty and finds future returns for equities to be favorable. We expect volatility to stay elevated and the market to benefit managers that differentiate themselves from the index. The London Company has historically done well in uneven markets and periods of distress.

\* The London Company's performances are size weighted and annualized based on calculations for the period ending December 31, 2011. The characteristics above relate to a representative account and not every client's account will have these exact characteristics. As TLC manages its client portfolios according to each client's specific investment needs and circumstances, TLC cannot affirm that the characteristics of the account shown above are similar to all accounts participating in the strategy. This is due in part to the timing of trades by the Adviser, market conditions, cash availability, and the timing of client deposits and withdrawals. Therefore, prospective clients should not assume that similar performance results to those shown would have been achieved for their accounts had they been invested in the strategy during the period. None of the information contained herein should be construed as an offer to buy or sell securities, or investment recommendations. Performance results shown should, under no circumstances, be construed as an indication of future performance. An investment in a London Company strategy is subject to risks, including the loss of principal. Data, while obtained from sources we believe to be reliable, cannot be guaranteed. All are encouraged to read and understand the Disclosure notes found on the next page.

# TOTAL RETURN FOCUS • INCOME WITH GROWTH • MINIMUM VOLATILITY

## Top Ten Equity Holdings

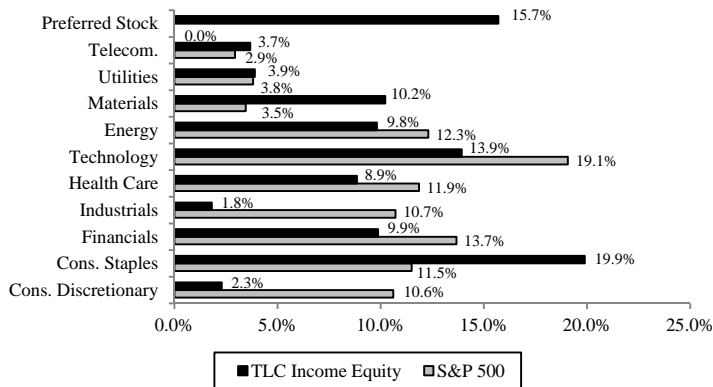
12/31/11

Albemarle	4.0%	NewMarket	3.5%
Bristol Myers Squibb	3.9%	Kinder Morgan	3.4%
Microsoft	3.9%	Pfizer	3.4%
Verizon	3.6%	Chevron	3.3%
Coca Cola	3.6%	Lorillard	3.1%

This is supplemental information to the fully compliant GIPS presentation. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. Data, while obtained from sources we believe to be reliable, cannot be guaranteed. All are encouraged to read and understand the disclosure notes found below.

## Sector Weightings

12/31/11



## The London Company

## Income Equity Composite

12/31/99 – 12/31/2011

Year Ending	Net Size Weighted Composite	Gross Size Weighted Composite	Gross Size Weighted Composite 3-yr Standard Deviation	S&P500 Index	S&P 500 Index 3-yr Standard Deviation	Blended Index 50% S&P500 50% ML Preferred	Number of Accounts in Composite	Gross Size Weighted Dispersion	Total Composite Assets (\$, M)	Total Product Assets (\$, M) <sup>1</sup>	Total Firm Assets (\$, M)	Total Entity Assets (\$, M) <sup>2</sup>
12/31/2000	8.00%	9.06%	N/A	-9.10%	N/A	3.55%	1	N/A	0.4	0.4	188.9	N/A
12/31/2001	1.31%	2.32%	N/A	-11.88%	N/A	-1.02%	1	N/A	0.4	0.4	172.6	N/A
12/31/2002	-5.74%	-4.83%	N/A	-22.09%	N/A	-7.22%	3	N/A	1.8	1.8	214.9	N/A
12/31/2003	18.43%	19.35%	N/A	28.67%	N/A	19.05%	12	1.11%	41.8	47.7	395.0	N/A
12/31/2004	12.60%	13.21%	N/A	10.87%	N/A	7.99%	23	0.95%	59.4	64.5	397.8	N/A
12/31/2005	3.17%	3.90%	N/A	4.91%	N/A	2.93%	45	1.57%	77.6	87.8	412.5	N/A
12/31/2006	19.55%	20.53%	N/A	15.79%	N/A	11.95%	65	2.21%	103.0	119.1	495.0	N/A
12/31/2007	1.05%	1.84%	N/A	5.49%	N/A	-2.91%	80	1.41%	101.4	318.6	673.6	N/A
12/31/2008	-25.50%	-25.04%	N/A	-37.00%	N/A	-31.12%	48	1.66%	61.6	255.7	788.0	867.1
12/31/2009	21.91%	22.66%	N/A	26.46%	N/A	23.27%	46	4.43%	32.6	424.1	1069.3	1634.2
12/31/2010	13.89%	14.54%	N/A	15.06%	N/A	14.36%	49	1.14%	42.2	938.9	1943.0	3252.9
			N/A		N/A							
<i>Qtr Ending</i>												
03/31/2011	5.57%	5.72%	N/A	5.92%	N/A	4.75%	49	N/A	36.1	1209.0	2276.7	3922.9
06/30/2011	3.02%	3.16%	N/A	0.10%	N/A	0.93%	49	N/A	39.3	1405.7	2313.2	4252.5
09/30/2011	-6.43%	-6.21%	N/A	-13.87%	N/A	-8.49%	54	N/A	43.8	1497.5	2073.3	4023.6
12/31/2011	12.14%	12.30%	N/A	11.82%	N/A	6.88%	54	N/A	49.0	2005.8	2529.7	5029.4
Year-to-Date	14.11%	14.86%	0.15%	2.11%	0.18%	3.11%	54	1.15%	49.0	2005.8	2529.7	5029.4

<sup>1</sup> Product assets include composite assets, model assets, and bundled fee assets, such as wrap program assets, and is presented as supplemental information. These include model assets managed by London.

<sup>2</sup> Starting in 2008, total entity assets include model assets. We do not have final trading authority on model accounts and as a result, they are excluded from our GIPS AUM. These assets include model assets managed by London and are presented as supplemental information.

The London Company claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The London Company has been independently verified for the periods 6/30/94-6/30/11. 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 Income Equity Composite has been examined for the periods 12/31/99-6/30/11. The verification and performance examination reports are available upon request.

## DISCLOSURE NOTES

- Definition of Firm:** The London Company was founded in 1994 in Richmond, Virginia and provides equity, balanced and convertible portfolio management services to pension, profit-sharing, foundation, corporate, and individual investors. The firm, which is 100% employee-owned, is an independent, autonomous investment management organization. More information about the advisor, including its investment strategies and objectives, can be found by visiting [www.TLCadvisory.com](http://www.TLCadvisory.com)
- Composite Creation Date:** December 31, 1999.
- Composite Definition:** Accounts in this product composite are fully discretionary taxable and tax-exempt portfolios with no minimum dollar amount of assets. They are managed under our income/equity style, which invests primarily in equities, convertibles and preferred stocks. The product has an inception date of December 31, 1999 and is measured against both the S&P 500 benchmark and a blended benchmark. The blended benchmark is a static 50/50 weighting of the S&P 500 Index and the Merrill Lynch Preferred Index. The London Company added the blended benchmark on March 31, 2006 because management felt it was a good relative comparison of performance. All actual fee-paying discretionary portfolios are included in one or more composites that have been managed for a full calendar quarter with no restrictions and similar objectives. Composite may include accounts under dual contract. A complete list and description of composites that adhere to the GIPS standards, is available by calling (804) 775-0317.
- Benchmark Description:** S&P 500 is a stock market index containing the stocks of 500 American Large-Cap corporations. Merrill Lynch Preferred Index is a capitalization-weighted index of preferred stock issues that is generally representative of the market for preferred securities.
- Composite Construction:** Composite calculations use monthly time weighted total returns using monthly valuations to calculate monthly returns and geometric linking of period returns. Composite dispersion is calculated using an asset weighted standard deviation methodology that incorporates only the accounts that were present in the composite for the entire year. Dispersion measures are deemed not meaningful when a composite contains five or fewer portfolios and for periods shorter than one year.
- Accrued income for equity securities is not included unless specified by the client, of which one account is at this time.
- Performance and Fees:** Gross of fee returns are calculated gross of management and custodian fees and net of transaction costs. Net of fee returns are calculated net of actual management fees and transaction costs and gross of custodian and other fees. Returns are calculated and stated in US dollars. Returns are calculated gross of withholding taxes on foreign dividends and interest. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- The accounts represented in the composite reflect actual fees paid on the particular account which may be different from the fee normally offered. Fees are normally 1.00% on the first \$100 million of assets, negotiable thereafter or a performance fee option. Investment advisory fees are more fully described in Part 2 of Form ADV, which is available upon request.
- Some of the accounts in this composite pay a bundled fee, which includes custodian, consultant and management fees. Because of this fee arrangement, net of fee returns for these accounts only are calculated net of all fees and expenses, and therefore have an undervalued net performance. The percentage of composite assets with bundled fees was 40.29% as of 12/31/06 and 41.22% as of 12/31/07. The percentage of composite assets with bundled fees as of 12/31/08 was 75%. The percentage of composite assets with bundled fees as of 12/31/09 was 55.21%. As of 12/31/09, the percentage of non-fee paying accounts was 0.28%. The percentage of composite assets with bundled fees as of 12/31/10 was 45.86%. As of 12/31/10, the percentage of non-fee paying accounts was 6.05%. The percentage of composite assets with bundled fees as of 12/31/11 was 38.16%. As of 12/31/11, the percentage of non-fee paying accounts was 6.12%.
- Past performance should not be taken as a guarantee of future performance.