

Item 1 – Cover Page

Huber Capital Management LLC  
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03/28/19

This Brochure provides information about the qualifications and business practices of Huber Capital Management LLC. If you have any questions about the contents of this Brochure, please contact us at 310-207-8400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Huber Capital Management LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information with which you determine to hire or retain an adviser.

Additional information about Huber Capital Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Huber Capital Management LLC's firm CRD number is 143344.

## **Item 2 – Material Changes**

Since the last annual update to our Form ADV Part 2 dated 03/28/18, there have been the following material changes:

- On April 1, 2018, Huber Capital Management, LLC (“HCM”) began utilizing a new third party trade order management system.

Please note that only material changes that have occurred since our last annual update of Form ADV Part 2 (on March 28, 2018) are described within this section.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	1
Item 6 – Performance-Based Fees and Side-By-Side Management .....	4
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9 – Disciplinary Information .....	10
Item 10 – Other Financial Industry Activities and Affiliations .....	10
Item 11 – Code of Ethics .....	12
Item 12 – Brokerage Practices .....	15
Item 13 – Review of Accounts.....	20
Item 14 – Client Referrals and Other Compensation.....	21
Item 15 – Custody.....	22
Item 16 – Investment Discretion .....	22
Item 17 – Voting Client Securities.....	23
Item 18 – Financial Information.....	24

## **Item 4 – Advisory Business**

Huber Capital Management LLC (“HCM”) is 100% indirectly owned, through a holding company called Huber Capital Holdings (“Huber Holdings”), by its employees, with Joe Huber, CEO/CIO, as the principal owner of Huber Holdings. Founded in 2007, HCM generally acts as a fully discretionary investment manager, providing investment advisory services to individual, corporate, pension, public, endowment, foundation, private fund, mutual fund and other clients. Investment advice is tailored to clients’ needs through consideration of the clients’ specified guidelines, objectives and restrictions. HCM seeks to provide investment supervisory services to registered investment companies based on the investment objectives and restrictions as set forth in the prospectuses of such companies.

HCM also provides model portfolios to sponsors or managers of model-based investment programs, who may elect to execute some, all or none of the transactions suggested by the model portfolio or revisions thereto. HCM typically does not have direct contact with the underlying clients of such programs, nor does HCM enter trades or have access to client reporting for such underlying clients. HCM’s model portfolios may be required to correspond to investment objectives articulated by the program sponsor or manager, but are not tailored to the underlying clients of such programs.

HCM uses the term “assets under advisement” (AUA) from time to time. References to HCM’s AUA will typically include HCM’s assets under management as well as any assets with respect to which HCM provides model portfolio services.

As of December 31, 2018, the value of HCM’s current assets under advisement were approximately \$1,158,992,398, consisting of discretionary assets under management of \$1,158,636,845 plus AUA assets managed pursuant to a Model Manager/Model Portfolio arrangement of \$355,554.

## **Item 5 – Fees and Compensation**

Generally, HCM’s fees are based on a standard fee schedule for the type of service being provided pursuant to our standard investment management contract for that class of client (e.g. mutual fund, separate account, etc.) (each a “Standard Client”). Fees under those schedules are computed on the basis of a specified percentage of the market value of assets under management,

or in the case of a model manager arrangement, of assets under advisement. Fees may vary from the standard schedules depending on the nature of services rendered, special requirements of the account (such as particular regulatory, compliance, or other requirements) or other factors (such as potential size, product life-cycle and cross-over business). Fees are negotiable and may differ for sub-advisory accounts, large accounts, non-discretionary or restricted-discretion accounts, or certain non-U.S. accounts. HCM may offer blended fee schedules to existing clients with accounts across product lines. In addition, HCM may enter into performance-based compensation arrangements, which are discussed in further detail in Item 6 below.

With respect to separate account clients, fees are normally paid on a calendar quarter basis, and while HCM's current clients are typically billed in arrears, the client may be billed either in arrears or in advance, as set forth in the contract. Clients will be invoiced ahead of any fees deducted from their account. Either party may terminate the contract upon written notice as set forth in the contract. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Inquiries regarding any refundable fees may be directed to HCM at 310-207-8400. Any refundable fees are subject to transaction costs associated with the termination of an account.

HCM seeks to offer value equity management. The client is able to match the investment style to their specific needs. As of December 31, 2018, HCM offers five institutional strategies. The Investment Advisory (Management) Fees for Standard Clients managed as separately managed institutional accounts (on an annual basis):

Large Cap Value strategy

0.50% of assets under management

Minimum account size: generally \$20 million

Select Large Cap Value strategy (also referred to as "Equity Income")

0.75% of assets under management

Minimum account size: generally \$20 million

Mid Cap Value strategy

0.90% of assets under management

Minimum account size: generally \$20 million

Select Small-Mid (“SMID”) Cap Value strategy

1.00% of assets under management

Minimum account size: generally \$20 million

Small Cap Value strategy

1.25% of assets under management

Minimum account size: generally \$20 million

Fees are negotiated based on anticipated or actual assets under management (or assets under advisement), investment type, account characteristics and the specific services to be provided.

Fees for the registered investment companies to which HCM provides advisory services (the “Huber Funds”) are outlined in the respective fund’s prospectus and are governed by each respective fund’s agreements with HCM.

Holdings in a client’s account may include investment companies and/or exchange-traded funds (“ETFs”), which may in turn impose management fees payable to the particular fund’s adviser(s), or which may be subject to additional administrative or other expenses. Unless HCM serves as an adviser to a fund or is otherwise affiliated, these other fees and expenses are generally not payable to HCM, and are separate from the management fees that HCM charges. In the event that separate account client assets are invested in an investment company advised by HCM, those assets are excluded from the applicable separate account fee schedule.

In connection with the provision of model portfolios to a model manager, HCM typically receives a fee from the model manager based on a percentage of the assets managed in accordance with such model portfolio. Fees for model manager arrangements may vary on factors including, but not limited to, size and nature of account/relationship, the particular strategy utilized, and the operational/servicing requirements.

Other investment advisers may charge higher or lower fees for comparable services.

HCM’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third party service providers. Clients may also be subject to deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s

prospectus. Such charges, fees and commissions are exclusive of and in addition to HCM's fee, and HCM does not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that HCM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of the broker-dealers' compensation (*e.g.*, commissions).

Neither Huber Capital Management nor its employees receive brokerage commissions on the sales of securities or other investment products.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

HCM may from time to time enter into certain performance based fee arrangements in accordance with the conditions and requirements of Rule 205-3 under the Advisers Act. While such arrangements are negotiated with each client and thus the terms vary, they typically provide for a base fee based on market value of the account at specified month/quarter ends plus a performance fee based on the portfolio return. A fee based on performance may create an incentive for an adviser to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. HCM has procedures designed and implemented to seek to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Other investment advisers may charge higher or lower base and performance-based fees for comparable services.

### **Item 7 – Types of Clients**

HCM provides portfolio management services to mutual funds and institutional separate accounts. Additional types of clients may include domestic or foreign governmental entities and investment companies organized under jurisdictions other than the United States, high net worth individuals, banking or thrift institutions, investment companies, pension and profit-sharing plans, private funds, other pooled vehicles, charitable organizations, corporations or other businesses, state or municipal government entities, church plans, and endowments. In addition,

HCM may provide model portfolios to sponsors or managers of model-based investment programs.

The minimum account size is generally \$20 million for a separately managed account. The minimum account size of the Huber Funds is set forth in each fund's prospectus. Minimums may be waived under certain circumstances at HCM's sole discretion.

HCM may use client lists when soliciting new clients provided that the existing clients included on such lists have not requested confidentiality, and otherwise, solely in accordance with applicable law.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

As of December 31, 2018, Huber Capital Management LLC offered the following investment strategies:

The Large Cap Value strategy will generally invest in companies whose profiles are similar to those found in the Russell 1000 Value Index, although the portfolio will generally consist of stocks with a market capitalization of \$5 billion or above at time of initial purchase.

The Select Large Cap Value strategy (also known as “Equity Income”) will generally invest in companies whose profiles are similar to those found in the Russell 1000 Value Index, although the portfolio will generally consist of stocks with a market capitalization of \$1 billion or above at time of initial purchase.

The Mid Cap Value strategy will generally invest in companies whose profiles are similar to those found in the Russell Mid Cap Index.

The Select Small-Mid (“SMID”) Cap Value strategy will generally invest in companies whose profiles are similar to those found in the Russell 2500 Value Index, generally investing in stocks with market capitalizations between \$500 million and \$15 billion at time of purchase.

The Small Cap Value strategy will generally invest in companies with similar characteristics to those found in the Russell 2000 Value Index.



Other strategies (products) may be offered by HCM from time to time, depending on the particular proposed investment strategy and the type of investor, among other factors. Such products may include services where HCM does not directly manage or exercises limited authority over client accounts. HCM may also close or place limitations on any particular investment product or strategy to new investment. HCM utilizes a value-based investment approach, investing in stocks where, in our opinion, the present value of the company's future cash flows exceed the current market price in an attempt to exploit equity market inefficiencies created by irrational investor behavior. We attempt to identify out-of-favor stocks that represent solid fundamental value.

Portfolio managers and analysts of HCM typically prepare internal research analysis and conduct meetings and/or calls with companies and industry professionals. HCM may also utilize financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases as additional sources of information.

HCM's investment process is driven by in-depth, internal, 100% bottom-up fundamental research. Our Los Angeles-area (El Segundo) based investment staff is organized by industry coverage and supports all of the firm's products. Of primary importance to our security selection process is the determination of "normal" earnings. Normal earnings power is the sustainable cash earnings level of a company under equilibrium economic and competitive market conditions. Generally, reported earnings are adjusted to account for the impact of the economic cycle, return of capital reversion and non-operating accounting items such as pension accounting. Estimates of these sustainable earnings levels are based on mean reversion adjusted levels of Return on Equity and profit margins. Normal earnings and growth of these earnings are among the key criteria of our valuation methodology. Debt ratios, such as debt-to-equity, are an important measure in determining a company's balance sheet strength; while a thorough review of debt schedules and free cash flow allows us to assess liquidity.

Each of the major steps in the research process is subject to peer review, with the CEO having final responsibility for the product. We seek to ensure that critical assumptions are scrutinized, a consistent level of conservatism is applied and consensus support for investment recommendations is generated.

HCM generally makes sell decisions based on valuation, risk and portfolio guidelines or restrictions. As individual stocks approach their intrinsic value and decline in their relative attractiveness, they become candidates for sale. Other sell decisions may occur because of deterioration in the fundamentals that supported the initial investment. Sales are initiated as position exposures approach diversification guidelines when stocks reach their established target price. Proceeds from sales are reinvested in companies that are more attractively valued based on the purchase disciplines. Target prices are set for each holding and as market prices approach the target value, a decision is made on whether to sell the security.

While HCM primarily invests in domestic equity securities, HCM may invest in other securities or instruments, including, but not limited to, convertible securities, preferred stocks, single stock futures, limited partnerships, master limited partnerships, obligations issued by or guaranteed by domestic or foreign governments, mortgage- and asset-backed securities, participation interests, money market instruments, exchange traded-funds, bankers' acceptances, repurchase and reverse repurchase agreements, derivative credit swaps, straight coupon securities, zero coupon securities, paid-in-kind securities, step coupon, variable and floating rate obligation, standby commitments, tender option bonds, inverse floaters, strip bonds, industrial development bonds, alternative minimum taxation bonds, municipal lease obligations, Eurodollar and Yankee dollar debt obligations, foreign debt or equity securities, receipts or shares evidencing ownership of an underlying foreign security (e.g., American, European, Restricted or Global Depositary Receipts), foreign investment funds or trusts, securities not readily marketable, money market accounts, forward contracts, options contracts, futures contracts, options and/or futures on financial indices, derivatives, interest rate swaps and swap-related products, inverse floaters, indexed/structured securities, mortgage- and asset-backed securities, other pass through type securities, mortgage dollar rolls, bank loans, floating rate fixed income securities, private investment in public equities (PIPES) and Eurodollar instruments. These, and other securities on which HCM offers advice, may trade on a U.S. or non-U.S. exchange. HCM may offer advice on closed end funds, depositary shares and unit trusts as well as other securities including options, warrants, debt instruments, equities, and the private placement of securities and business opportunities. Investment decisions on behalf of the Huber Funds are additionally subject to the investment limitations or policies of those funds, as well as the requirements of the Investment Company Act of 1940.

The above information is solely for informational purposes, and is only current as of the date of this Brochure. HCM may use all or only some of the techniques and processes described above.

## Principal Risks

*Investing in securities involves risk of loss that clients should be prepared to bear.* The following is a non-exhaustive list of additional risks, among others, that could affect the value of your investment depending on the particular HCM strategy being employed:

- *General Market Risk.* The value of a portfolio's shares will fluctuate as a result of the movement of the overall stock market or of the value of the individual securities held by the portfolio, and you could lose money. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in a client's portfolio may underperform in comparison to securities in general financial markets, a particular financial market or other asset classes, due to a number of factors, including inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters or events, terrorism, regulatory events and government controls.
- *Equity Securities Risk.* The price of equity securities may rise or fall because of economic or political changes or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the client's portfolio or the securities market as a whole, such as changes in economic or political conditions.
- *Foreign Securities and Emerging Markets Risk.* Client portfolios may invest in foreign securities and in emerging markets. Investments in foreign currencies and foreign issuers are subject to additional risks, including political and economic risks, greater volatility, civil conflicts and war, sanctions or other measures by the United States or other governments, liquidity risks, currency fluctuations, higher transaction costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, and less stringent investor protection and disclosure standards of foreign markets. Events and evolving conditions in certain economies or markets may alter the risks associated with investments tied to countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in "emerging markets." Emerging market countries typically have less-established market economies than developed countries and may face greater social, economic, regulatory and political uncertainties. In addition, emerging markets typically present greater illiquidity and price volatility concerns due to smaller or limited local

capital markets and greater difficulty in determining market valuations of securities due to limited public information on issuers.

- *ADR Risk.* Client portfolios may invest in ADRs. ADRs are equity securities traded on U.S. exchanges that are generally issued by banks or trust companies to evidence ownership of foreign equity securities. Investing in ADRs may involve risks in addition to the risks in domestic investments, including less regulatory oversight and less publicly-available information, less stable governments and economies, and non-uniform accounting, auditing and financial reporting standards.
- *Initial Public Offering (“IPO”) Risk.* Client portfolios may purchase securities of companies that are offered pursuant to an IPO. The risk exists that the market value of IPO shares will fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. When a portfolio’s asset base is small, a significant portion of the portfolio’s performance could be attributable to investments in IPOs, because such investments would have a magnified impact on the portfolio. As the portfolio’s assets grow, the effect of the portfolio’s investments in IPOs on the portfolio’s performance probably will decline, which could reduce the portfolio’s performance.
- *Management Risk.* Client portfolios are subject to management risk because it is an actively managed investment portfolio and because the portfolio relies on HCM’s ability to pursue the client’s goals. HCM will apply its investment techniques and risk analyses in making investment decisions for client accounts, but there can be no guarantee that its decisions will produce the desired results.
- *Value Style Investing Risk.* HCM follows an investing style that favors value investments, which targets undervalued companies with characteristics for improved valuations. This style of investing is subject to the risk that the valuations never improve or that the returns on “value” securities may not move in tandem with the returns on other styles of investing or the stock market in general. At times when the value investing style is out of favor, client accounts may underperform other investment advisers that use different investing styles.

- *Sector Emphasis Risk.* Sector emphasis risk is the risk that the securities of companies in the same or related businesses, if comprising a significant portion of a client's portfolio, could react in some circumstances negatively to market conditions, interest rates and economic, regulatory or fiscal developments and adversely affect the value of the portfolio to a greater extent than if such business comprised a lesser portion of the client's portfolio.
- *Mid-Sized Company Risk.* A mid-sized company may be more vulnerable to adverse business or economic events than stocks of larger companies. These stocks may present greater risks than securities of larger, more diversified companies.
- *Small Companies Risk.* Investing in securities of small-sized companies may involve greater volatility than investing in larger and more established companies because companies with small market capitalizations can be subject to more abrupt or erratic share price changes than larger, more established companies.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Huber Capital Management LLC or the integrity of the adviser's management. Huber Capital Management LLC has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

HCM serves as investment adviser to the Huber Funds (each of which is a series of a registered investment company):

Huber Capital Equity Income Fund

Investor Class (Ticker symbol HULIX)

Institutional Class (Ticker symbol HULEX)

Huber Capital Small Cap Value Fund

Investor Class (Ticker symbol HUSIX)

Institutional Class (Ticker symbol HUSEX)

Huber Capital Diversified Large Cap Value Fund  
Investor Class (Ticker symbol HUDIX)  
Institutional Class (Ticker symbol HUDEX)  
Huber Capital Mid Cap Value Fund  
Investor Class (Ticker symbol HUMDX)  
Institutional Class (Ticker symbol HUMEX)

In addition, HCM also serves as sub-adviser to the following registered investment companies:

UBS PACE Small/Medium Co Value Equity Investments Fund

Because HCM serves as investment adviser or sub-adviser to more than one fund, HCM and its officers, employees and affiliates cannot devote their time, effort and resources solely to one fund, and must instead allocate those between funds. To mitigate the risks of any conflicts of interest that may arise, HCM has adopted policies and procedures that seek to emphasize HCM's fiduciary duties to clients, and the corresponding obligation not to provide favorable treatment to one client to the disadvantage of another. HCM receives certain research and brokerage services (see Item 12: Brokerage Practices section) from non-clients. Such research and brokerage services may be paid by HCM from commission dollars generated by client accounts.

Certain principals of HCM may from time to time conduct investment activities for their own proprietary accounts or vehicles. If HCM determines that there is potential for overlap between these proprietary investment activities and those HCM conducts for its clients, it may impose policies to limit access and sharing of certain information among employees to seek to mitigate conflicts of interest.

In accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended, HCM may negotiate with and assign to a broker a commission that may exceed the commission that another broker would have charged, if HCM determines in good faith that the amount of commission charged was reasonable in relation to the value of brokerage and/or research services provided by such broker. To mitigate and address any conflicts of interest that may arise, HCM has adopted policies and procedures to evaluate the value of a broker's research and brokerage services and the reasonableness of any commissions charged. Services furnished by broker-dealers may be used in benefiting all of the HCM's clients; however, not all such services may be used by HCM in connection with accounts which paid commissions to the broker-dealer providing such services. HCM regards such services as being a general benefit to all its clients.

## **Item 11 – Code of Ethics**

In accordance with Rule 204A-1 under the Advisers Act, HCM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes, but is not limited to, provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All of HCM's supervised persons must acknowledge the terms of the Code of Ethics upon hire and on a quarterly basis thereafter, or as amended. A copy of HCM's Code of Ethics is available to any client or prospective client upon written request.

The Code of Ethics is designed to seek to ensure that the personal securities transactions, activities and interests of the employees of HCM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored on an ongoing basis under the Code of Ethics in order to seek to reasonably prevent conflicts of interest between HCM and its clients.

HCM's Code of Ethics sets forth specific policies and procedures for its employees to follow regarding material, non-public information ("insider information") and other confidential information of clients and HCM. While HCM does not expect its employees to be in receipt of inside information, it requires any employee receiving inside information to refrain from trading based on the information and to discuss the information only with the Chief Compliance Officer or the Chief Compliance Officer's designate to determine an appropriate course of action. Procedures are also set forth to safeguard all other confidential information.

The Code of Ethics also details policies and procedures regarding personal securities transactions by employees. All employees are required to provide initial and annual holdings reports and quarterly securities transaction reports along with quarterly account statements with respect to certain reportable securities and reportable accounts which are reviewed by the Chief Compliance Officer or designate. All employees are required to pre-clear investments in most securities, including affiliated mutual funds and limited offerings.

As a conflict of interest can exist between HCM, its associated persons and its clients, HCM has established the following restrictions in order to fulfill its fiduciary responsibilities:

(1) HCM emphasizes the unrestricted right of the client to implement any trading or investment advice rendered.

(2) HCM requires that all of its personnel must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

(3) Any individual not in observance of the above may be subject to termination. To mitigate conflicts of interest, all employees of HCM must comply with HCM's personal trading and compliance procedures that impose restrictions on the purchase or sale of securities.

HCM may identify mutual funds for individual and institutional clients which are advised and/or sub-advised by HCM pending investment of assets or as part of their investment program. Clients may purchase shares of such mutual funds at their own election. HCM Clients, along with other fund shareholders, may bear a proportionate share of the expenses of those funds, including, to the extent permitted by law, the management fee paid to HCM. However, to the extent that separate account client assets are invested in an investment company advised by HCM, those assets are excluded from the applicable separate account fee schedule. Management fees may vary from the standard schedules depending on the nature of services rendered, special requirements of the account or other factors, such as potential size, product life-cycle and cross-over business. Fees may differ for sub-advisory accounts, large accounts, non-discretionary or restricted-discretion accounts, or certain non-U.S. accounts.

Generally, it is HCM's policy not to engage in buying or selling of securities from one client account to another client account (typically referred to as a "cross trade"), except under certain limited circumstances. The vast majority of trades made for HCM's client accounts will be executed through the open market. In cases where HCM engages in cross trades for its clients that are registered investment companies, HCM will seek to execute transactions in accordance with the provisions of Rule 17a-7 under the Investment Company Act of 1940.

HCM expects its client base will include institutional clients, some of which may have publicly traded securities. HCM may, from time to time, invest in securities of clients of the firm where clients are public companies, subject to the policies and procedures contained within HCM's Code of Ethics and Compliance Manual.



A potential conflict of interest may arise when HCM determines whether or not a trading error has occurred. To address this potential conflict of interest, HCM has adopted a Trade Error Policy. HCM will review all relevant facts and circumstances to determine an appropriate course of action. Where it is determined that HCM has directly caused a trade error, the client will be reimbursed for losses attributable to such error. Net gains realized by a client account due to a trade error are to remain in client's account.

HCM and/or its related persons may buy or sell for itself and/or themselves securities which HCM also recommends to clients. In some situations, HCM's and/or the related persons' interest in such securities may be significant and cause HCM and/or the related person to be considered "affiliates" of the issuer. As these situations may involve a conflict of interest, HCM has adopted policies and procedures designed to detect, mitigate, and prevent such conflicts and to seek to ensure that transactions for and recommendations to clients are effected in a manner consistent with HCM's fiduciary duty, as well as in accordance with applicable law. These situations may also cause additional securities laws to apply which may require additional public disclosure, impose trading limitations, reduce or eliminate voting rights, and/or require disgorgement of short-term profits.

On a case-by-case basis and subject to prior review and approval pursuant to HCM's compliance policies and procedures, HCM advisory persons may also from time to time serve as officers or directors of companies in whose securities some client accounts may invest. As a result these advisory persons may also become subject to the insider trading policies and pre-clearance requirements of such companies. Such service may therefore impose additional restrictions on the ability of client accounts to buy and sell existing and future securities of those particular companies. HCM advisory persons may also receive remuneration for such service, consistent with such company's traditional compensation practices. HCM has considered possible conflicts of interest arising out of this arrangement and has instituted policies and procedures in response to address those possible conflicts.

HCM has adopted written policies and procedures in order to safeguard and (as appropriate) dispose of the records and personal information of its clients in accordance with the rules and regulations promulgated under the Gramm Leach Bliley Act.

All employees of HCM must certify their receipt, understanding, and compliance with HCM's privacy policy upon initial receipt of the policy and annually thereafter.

## **Item 12 – Brokerage Practices**

### **Investment or Brokerage Discretion**

#### **Selection of Brokers-Dealers and Determination of Commission Rates**

##### **I. For Standard Clients:**

Each client's investment advisory agreement generally gives HCM full authority to determine (without obtaining client consent or consulting with the client on a transaction-by-transaction basis) the brokers or dealers through whom all transactions for the client's account will be executed. A client may, however, direct HCM to execute all or a portion of transactions for the client's account through a specified broker or dealer (the "Specified Broker"). Although HCM prefers to have the authority to select broker-dealers, clients may direct HCM to execute their transactions through a Specified Broker.

##### **A. Where HCM Selects Brokers/Dealers**

Where a client authorizes HCM to select the brokers and/or dealers through whom transactions for the client's account are executed, HCM allocates such transactions to such brokers and/or dealers for execution on such markets, at such prices and at such commission rates (which may be in excess of the prices or commission rates that might have been charged for execution on other markets or by other brokers or dealers) as in the good faith judgment of HCM are appropriate.

HCM takes into consideration in the selection of such brokers and/or dealers not only the available prices and rates of brokerage commissions, but also other relevant factors which may include, without limitation: (a) the execution capabilities of the brokers and/or dealers; (b) research (including research reports, economic and financial data, financial publications, quotation equipment and services, and research-oriented computer hardware, software, data bases and services); (c) custodial and other services provided by such brokers and/or dealers which are expected to enhance HCM's general portfolio management capabilities; (d) the size of the transaction; (e) the difficulty of execution; (f) the operational facilities of the brokers and/or dealers involved; (g) the risk in positioning a block of securities; and (h) the quality of the overall brokerage and research services provided by the broker and/or dealer.

HCM may cause a client's account to pay a broker or dealer a commission for effecting a transaction for the client's account that may be higher than a commission charged by another broker, in exchange for brokerage and/or research services. This is a benefit to HCM because HCM does not directly produce or pay for the research or services. This may create an incentive to select a broker based on the research or other services provided rather than the client's interest in best execution. Under Section 28(e) of the Securities Exchange Act of 1934, HCM may do this if it determines in good faith that the amount of commission charged was reasonable in relation to the value of brokerage and/or research services provided by such broker. Research provided to HCM by a broker or dealer may consist of third-party research, as opposed to proprietary research, in accordance with SEC guidance on the application of Section 28(e).

To mitigate and address any conflicts of interest that may arise, HCM has adopted policies and procedures to evaluate, on an ongoing basis, the value of a broker's research and brokerage services and the reasonableness of any commissions charged.

Services and research received by HCM pursuant to such arrangements may include, but need not be limited to: electronic trading access; the ability to block specified trades; electronic download of trades, balances, and positions in the broker-dealer's portfolio management software; access, for a fee, to an electronic interface with licensed software; economic research, market research, industry research and analysis.

Services furnished by broker-dealers may be used in benefiting all HCM clients; however, not all such services may be used by HCM in connection with accounts which paid commissions to the broker-dealer providing such services. HCM regards such services as being a general benefit to all its clients.

HCM may consider client referrals in selecting a particular broker-dealer, to the extent consistent with applicable law. In such circumstances a conflict of interest may arise as an adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving client referrals, rather than on the client's interest in receiving most favorable execution. Certain affiliates of brokers or dealers selected by HCM may also be clients of the firm, which may also create a conflict of interest. HCM has adopted policies and procedures to mitigate such conflicts of interest, such as a review process for assessing broker use and broker commissions against HCM's fiduciary duty to clients.

## **Use of Research and Brokerage Products and Services**

Research and brokerage products and services furnished by broker-dealers, may be used in servicing any or all of HCM's clients and may be used in connection with accounts other than those which pay commissions to the broker-dealer providing the research or brokerage product or service. In other words, the benefits of the research services provided to each client may, in certain circumstances, not directly align with the client's commission costs. For example, HCM may use these research services and products for the benefit of all of its clients and not just the client(s) whose transactions paid for the research services. To seek to minimize the risks that certain clients may be advantaged to the detriment of other clients, HCM generally seeks to ensure, through periodic reviews or assessments of accounts, that each client receives an appropriate blend of brokerage services and that current arrangements continue to be in each client's overall best interests.

### **Procedures Used to Direct Broker to Specified Broker-Dealers for Research and Brokerage Products and Services**

HCM maintains a list of brokers ("Qualified or Approved Brokers") that meet HCM's standards with respect to execution and research capabilities. HCM's Chief Investment Officer and/or designated Trader periodically reviews the execution and research capabilities of the qualified brokers. Brokers may be added to the Qualified Broker list throughout the year. HCM also reviews periodically its research and brokerage products and services requirements. At least annually, the Chief Investment Officer meets with appropriate HCM personnel to review the various research and brokerage products and services available, and determines which services are the most useful to the performance of HCM's investment decision-making responsibilities and brokerage services needs ("Approved Research and Brokerage Products and Services"). Based on that review, a list is compiled of research priorities to guide the Chief Investment Officer and trading department in the allocation of brokerage generated by discretionary client accounts ("Soft Dollars") to Qualified Brokers that used Approved Research and Brokerage Products and Services. Soft Dollars may only be used to purchase Approved Research and Brokerage Products and Services from Qualified Brokers. Cash or other forms of direct payment ("Hard Dollars") must be used to purchase Approved Research and Brokerage Products and Services from anyone other than Qualified Brokers.

### **Other Soft Dollar Compliance Procedures**

If HCM determines that products or services purchased from Qualified Brokers will have a mixed research/non-research use, then the Chief Investment Officer and/or designated Trader, in

consultation with appropriate HCM personnel, will determine and document the relative proportions of the service or product devoted to research and non-research uses, and to brokerage and non-brokerage services or products. The allocation method used will be based on objective and readily ascertainable criteria, to the extent practicable. Based on this allocation, to the extent such products or services are purchased for non-research and non-brokerage uses such as marketing or account administration, HCM pays for them with Hard Dollars.

HCM's clients bear the risk of losing their accumulated soft dollar credit balances in the event the Qualified Broker files for bankruptcy or otherwise chooses not to honor the arrangement with HCM. To mitigate this risk, the Chief Compliance Officer or his or her designee monitors soft dollar credits to verify that extraordinarily high balances are not maintained at any one broker.

## **B. Where Brokerage is Directed by the Client**

Where a client directs HCM to effect all or a portion of transactions for the client's account through a Specified Broker, HCM does not negotiate brokerage commissions with respect to transactions executed by the Specified Broker for the client's account. Rather, the client and the Specified Broker agree on the commission rate that the Specified Broker will charge for transactions effected for the account. As a result, and depending upon (a) the client's arrangement with the Specified Broker; (b) such factors as the number of securities, instruments or obligations being bought or sold for the client, whether round or odd lots are being acquired for the client and the market for the security, instrument or obligation; and (c) the fact that the client will be forgoing any benefit from savings on execution costs that HCM could obtain for its clients through negotiating volume commission discounts on batched transactions, the client may pay higher commissions than those paid by HCM's clients who have not directed HCM to execute transactions through a specified broker or dealer.

In addition, the client may not receive the lowest available price with respect to certain transactions effected for the client's account. For example, HCM may use "step outs," that is, transactions where a portion of a trade executed by one broker is directed by HCM to another broker. This procedure is generally used when a client directs brokerage so that the transaction is not part of HCM's block trade. HCM may "step out" that client's portion of the transaction from its regular broker to the directed broker to follow client's direction.

Conflicts may arise between the client's interest in receiving best execution on transactions effected for its account and HCM's interest in receiving future client referrals from the Specified

Broker. If a client directs the use of a Specified Broker, HCM asks that the client also specify (1) the general types of securities for which the Specified Broker should be used and (2) whether the Specified Broker should be used for all transactions even though HCM might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions.

A client who designates the use of a Specified Broker, including a client who directs the use of a Specified Broker who will also serve as custodian should consider whether, under that designation, commission expenses, execution, clearance and settlement capabilities, and whatever amount is regarded as allocable to custodian fees, if applicable, will be comparable to those otherwise obtainable by HCM.

## **II. For Investment Company Clients**

With respect to its investment company clients, HCM generally has full authority to determine (without obtaining fund consent or consulting with the fund on a transaction-by-transaction basis) the brokers or dealers through whom all transactions for the fund's account will be executed, generally selects such brokers and/or dealers, and determines the commission rates payable to such brokers and/or dealers.

### **Aggregation of Sales and Purchase Orders**

As discussed above, HCM has the duty to obtain "best execution" on each portfolio transaction. Best execution entails the efficient placement of orders, clearance, settlement and the overall quality of the execution, as well as the cost of the transaction. As part of its efforts to obtain best execution, HCM may aggregate orders (a practice known as block trading) unless restricted by client directions, type of account or other account restrictions. Each client that participates in a block trade that is filled at several different prices through multiple trades shall receive the average share price and will share the non-account specific transaction costs on a pro-rata basis. Before entering a block trade, HCM determines the allocation to be made in connection with the order (as described below). If the order is only partially filled, to the extent practicable (a) the actual prices applicable to the block trade will be averaged and each account participating in the block trade shall be deemed to have purchased or sold its share of the investment involved at the average price, and (b) all non-account specific transaction costs incurred in effecting such a block trade shall be shared on a pro-rata basis among all participating in such a block trade. If

HCM were to not aggregate orders when it has the opportunity to do so, clients may not be able to benefit from reduced overall transaction costs.

### **Allocation of Transactions Among Accounts**

When recommending or effecting a transaction in a particular investment for more than one client, HCM shall allocate such recommendations or transactions among all clients for whom such recommendation is made or transaction is effected in accordance with HCM's trade allocation procedures typically using a third party order management system. HCM's primary trade allocation methodology, as applied by the order management system, seeks to permit all accounts that participate in a block transaction to participate on a pro-rata basis, taking into account applicable minimums and other restrictions (e.g., to maintain round lots, to fill specific percentages, to avoid crossing certain ownership thresholds). Amounts remaining after the initial proration are typically randomly allocated until no excess remains. Variations from HCM's primary trade allocation methodology, which may include further adjustments in the number of securities acquired for or sold by a particular account, may be made in certain circumstances where, in HCM's view, the primary methodology may result in an inequitable allocation. Unless transactions for multiple clients are aggregated, transactions in a specific investment may not be recommended or effected at the same time or at the same price for all client accounts for which such transaction will be recommended or effected. No client account will be intentionally favored over any other client account.

### **Item 13 – Review of Accounts**

HCM manages institutional separate accounts and mutual funds and also provides investment advisory services to model manager programs. The investment process is generally the same for similar accounts and is driven by team-oriented, in-depth, fundamental research. The investment research staff is organized by industry coverage and supports all of the accounts managed in each of HCM's investment strategies. Research meetings, generally held weekly, provide a forum where analysts and portfolio managers discuss current investment ideas within their assigned industries. Generally, the entire investment team, or a sub-set of the team, then debates the merits of recommendations, taking into account the prevailing market environment, the portfolio's current composition, and the relative value of alternative investments. The culmination of this process is the formation of a "target portfolio" for each investment strategy representing the best investment ideas with appropriate weights for each of the holdings.

Accounts under management are generally reviewed daily and each client's account receives some level of review at least weekly. Accounts are reviewed by portfolio managers and analysts, and the appropriate administrative staff, to seek to ensure they are optimally invested and meet investment objectives, guidelines, and restrictions. Accounts are reviewed pre-trade for compliance with certain programmable guidelines and investment policies using the automated trading system. As a double check, executed trades are also reviewed post-trade manually. Additional or special reviews of a particular account may be triggered by: (i) change in the client's investment objectives or restrictions, (ii) the client's addition of assets to or withdrawal of assets from the account, or (iii) the purchase or sale of a security for the account.

Portfolio statements and/or reports are provided to institutional clients quarterly, or more frequently if agreed to in writing with the client. Reports generally contain a performance analysis and a list of the client's holdings, along with the position size, market value and cost basis. Additional quarterly reports may include economic and market outlooks as well as detailed transaction data depending on client requirements. Special reports may be prepared to meet specific client requirements. HCM may also provide reports to sponsors, financial intermediaries and certain institutional clients that are not regularly sent to other clients regarding performance and other portfolio information. In addition, in-person meetings are scheduled depending upon client requirements. With respect to mutual funds managed by HCM, the mutual funds receive various daily reports, including holdings and pricing. Shareholders of the funds receive an account statement from the fund transfer agent on at least a quarterly basis and upon an account transaction. The complete middle/back office operations and administration for Huber Capital Management, LLC has been outsourced to a third-party provider. The administrative staff of both the third party provider and HCM reviews the accounts for any record keeping errors.

## **Item 14 – Client Referrals and Other Compensation**

### Additional Compensation – Non-Clients

HCM receives certain research and brokerage services from non-clients. Such research and brokerage services may be regarded as an economic benefit to HCM, and are described in greater detail, together with HCM's approach to seek to mitigate any associated conflicts, in Item 12: Brokerage Practices.



### Additional Compensation – Client Referrals

From time to time, HCM may compensate certain affiliated and unaffiliated entities for client referrals. The terms of such arrangements are structured to comply with Rule 206(4)-3 under the Advisers Act and to be consistent with applicable state securities laws and other applicable federal securities laws.

HCM may consider client referrals in selecting a particular broker-dealer, to the extent consistent with applicable law. In such circumstances a conflict of interest may arise as an adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving client referrals, rather than on the client's interest in receiving most favorable execution. HCM has adopted policies and procedures to mitigate such conflicts of interest, such as a review process for assessing broker use and broker commissions against HCM's fiduciary duty to clients.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Although Huber Capital Management does not maintain custody of client funds or securities, we urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

HCM does not have custody of assets of investors in the Huber Funds. Additional information regarding custodial arrangements for those funds is contained in the respective fund's prospectus or statement of additional information.

### **Item 16 – Investment Discretion**

In connection with its separate account and investment company clients, HCM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold, pursuant to and according to the terms set forth in the Investment Management Agreement executed by the client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts to be bought or sold, HCM observes the investment policies, limitations and restrictions of the clients which it advises. For registered investment companies, HCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to HCM in writing.

### **Item 17 – Voting Client Securities**

HCM has adopted formal proxy voting policies and procedures as required by SEC Rule 206(4)-6 under the Advisers Act. We believe these policies will cause Huber Capital Management, LLC to vote proxies, on behalf of clients that have authorized HCM to do so, in the best interest of those clients in accordance with our fiduciary duties to them.

HCM has retained a third-party proxy-voting vendor which oversees our proxy voting process and provides administrative assistance in connection with the voting of proxies, including certain record keeping and reporting functions. The proxy-voting vendor will determine which proxies are outstanding with respect to shares held in our clients' portfolios and what issues are to be voted on, and will help HCM verify that proxies are voted in a timely manner.

HCM has adopted substantive voting guidelines covering a variety of types of issues on which shareholders are often asked to vote. These guidelines will be used to vote the shares held in our clients' portfolios, unless the clients have directed HCM otherwise, or our research analysts believe the guidelines should not be followed in particular situations. The guidelines are governed by our primary duty to safeguard and promote the interests of our clients. In keeping with this duty, our general policy is to vote in favor of those proposals which advance the sustainable economic value of the companies our clients own. In the event of a conflict of interest between HCM and our clients, proxies will be voted as specified in our guidelines unless the guidelines involve substantial discretion by our portfolio analysts, in which case they will be voted as recommended by the third-party proxy voting vendor.

Clients may obtain a copy of HCM's proxy voting policies and procedures and/or information on how HCM has voted the client's securities free of charge by written request to HCM.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. As of the date of this brochure, HCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.