



E L E S S A R

Investment Management

Elessar Investment Management, LLC
Small Cap Value Investing

First Quarter 2013

Firm Introduction

Management Team

- ▶ **Rick Giesen, Partner**

Chief Investment Officer

27 Yrs. Experience

- ▶ **Ori Elan, Partner**

Portfolio Manager, Equity Research & Trading

9 Yrs. Experience

- ▶ **Chris Staneluis**

Equity Research Analyst

14 Yrs. Experience

- ▶ **Mitch Krahe, J.D. Partner**

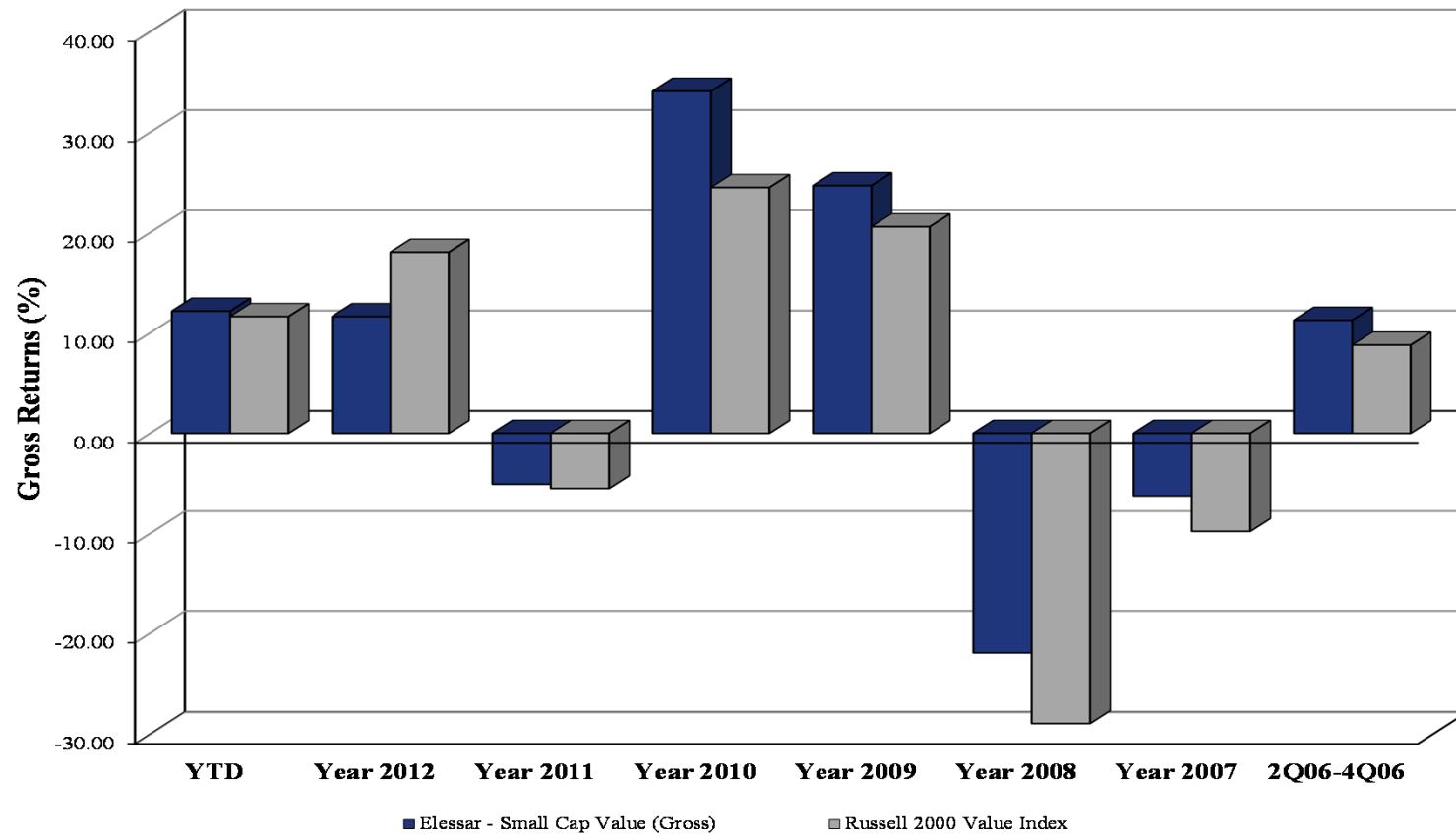
Chief Compliance Officer

Compliance, Legal, Back-Office & Client Services

14 Yrs. Experience

- ▶ Founded in 2006
- ▶ Employee Owned
- ▶ Based in Cleveland, Ohio
- ▶ Top Quintile Performance Since Inception
- ▶ Proprietary Front-End Screen Allows Investment Team to Focus on Investment Candidates of the Highest Potential
- ▶ Collaborative Sector Coverage Achieves Robust Research Vetting Process and is a Key Driver of Risk Management
- ▶ Multi-Faceted Sell Discipline Eliminates Emotional Decision-Making and Limits Investment Losses

Calendar Year Performance



Source: Elessar Investment Management, LLC, FactSet

Product Name	YTD	Year 2012	Year 2011	Year 2010	Year 2009	Year 2008	Year 2007	2Q06-4Q06
Elessar - Small Cap Value (Gross)	12.17	11.63	-5.08	34.10	24.69	-21.93	-6.24	11.27
Elessar - Small Cap Value (Net)	12.15	11.47	-5.44	33.30	24.06	-22.62	-6.97	10.71
Russell 2000 Value Index	11.63	18.05	-5.50	24.50	20.58	-28.92	-9.78	8.79

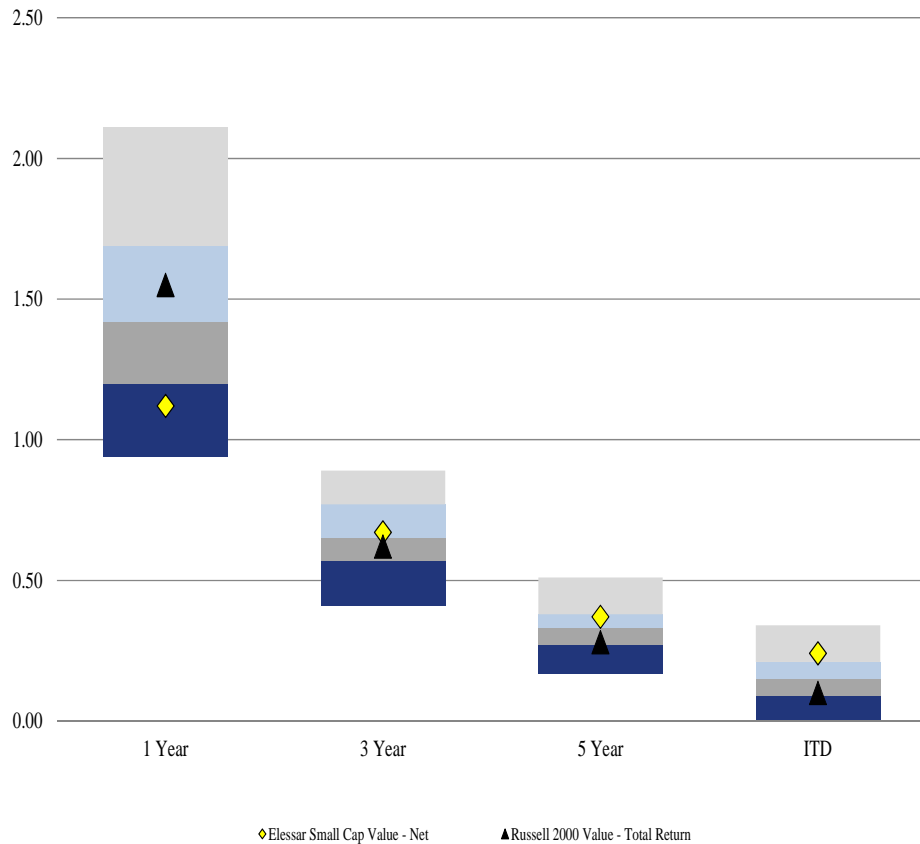
Source: FactSet, Russell

Past performance is no guarantee of future results.

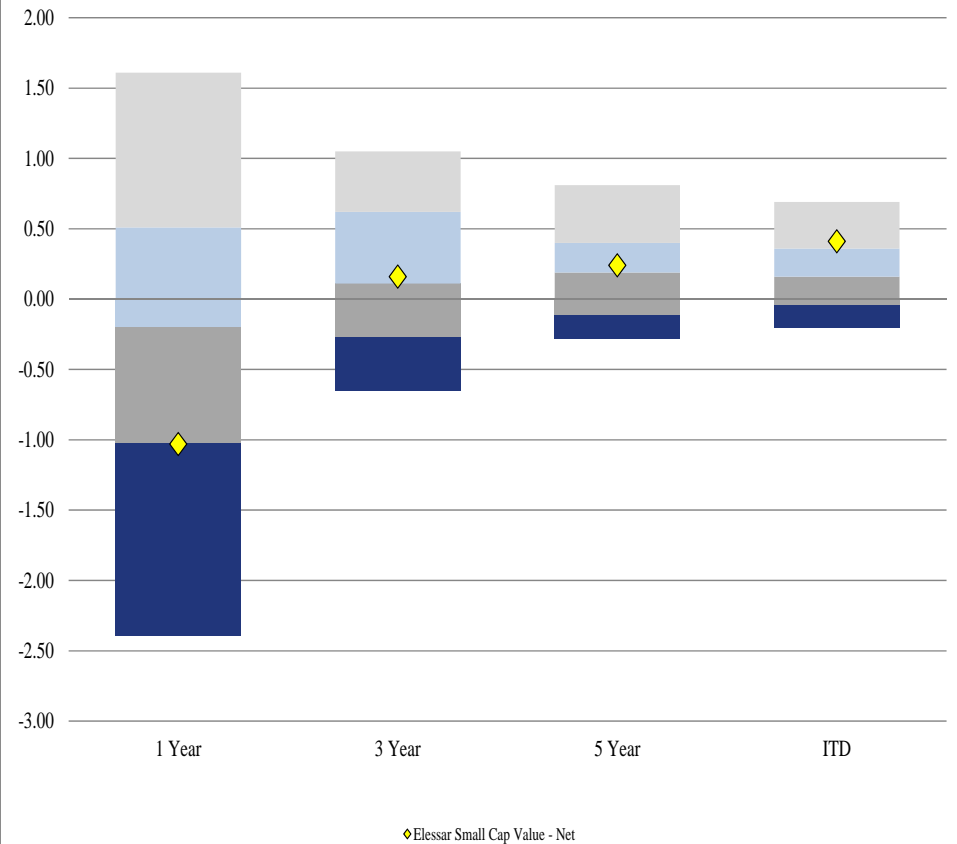
Data reflects reinvestment of income.

Risk Adjusted Returns

Sharpe Ratio Peer Comparison as of 3/31/13



Information Ratio Peer Comparison as of 3/31/13



Product Name	1 Year	3 Year	5 Year	ITD
Ellessar - Small Cap Value (Net)	1.12	0.67	0.37	0.24
Russell 2000 Value Index	1.55	0.62	0.28	0.10

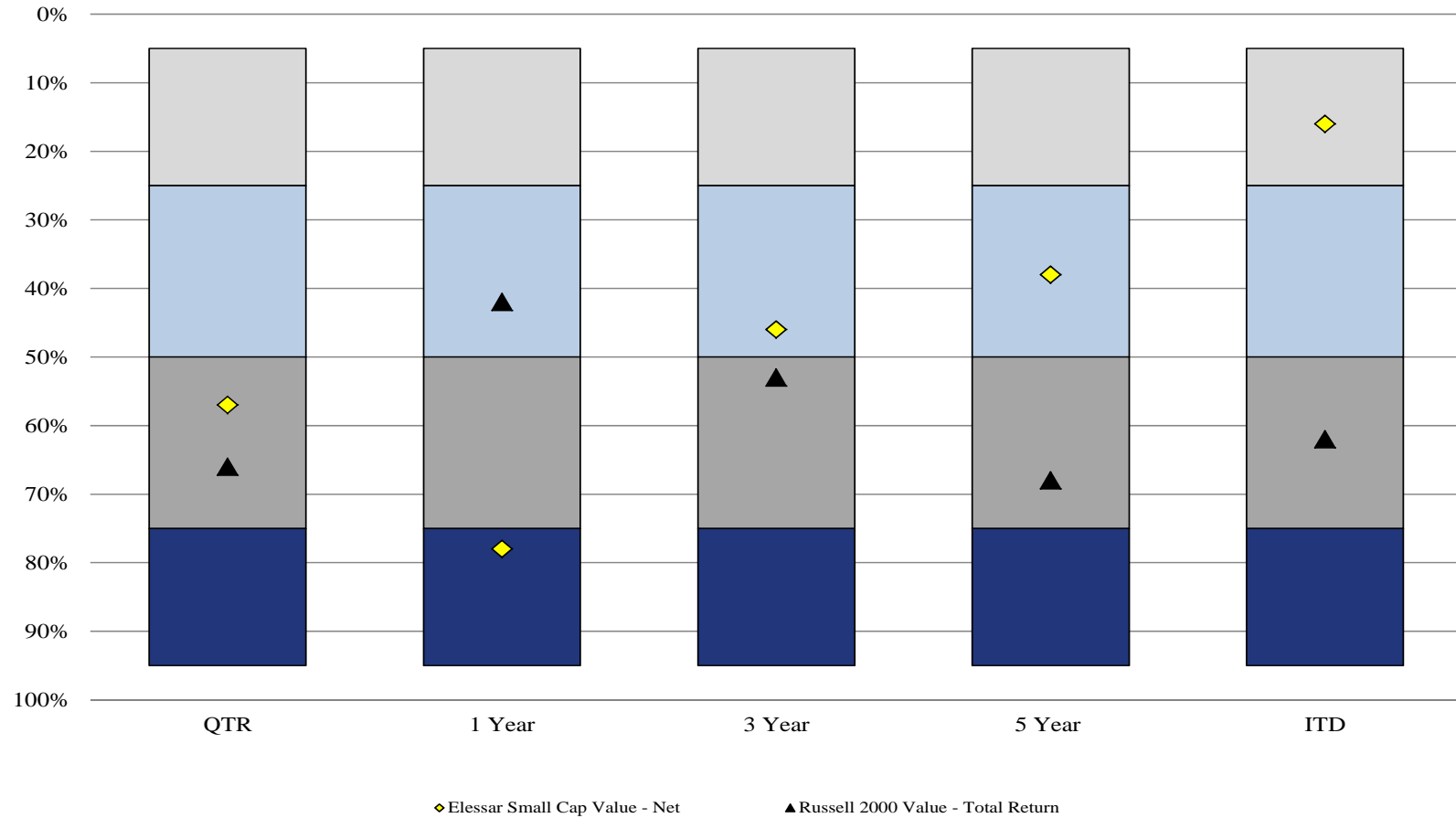
Product Name	1 Year	3 Year	5 Year	ITD
Ellessar - Small Cap Value (Net)	-1.03	0.16	0.24	0.41

Source: FactSet, Lipper

Past performance is no guarantee of future results.

Data reflects reinvestment of income.

Peer Percentile Ranking Comparison as of 3/31/13



Product Name	QTR	1 Year	3 Year	5 Year	ITD
Elessar - Small Cap Value (Net)	57%	78%	46%	38%	16%
Russell 2000 Value Index	66%	42%	53%	68%	62%

Source: FactSet, Lipper Past performance is no guarantee of future results. Data reflects reinvestment of income. Supplemental data to the GIPS compliant presentation.

Value Investment Philosophy

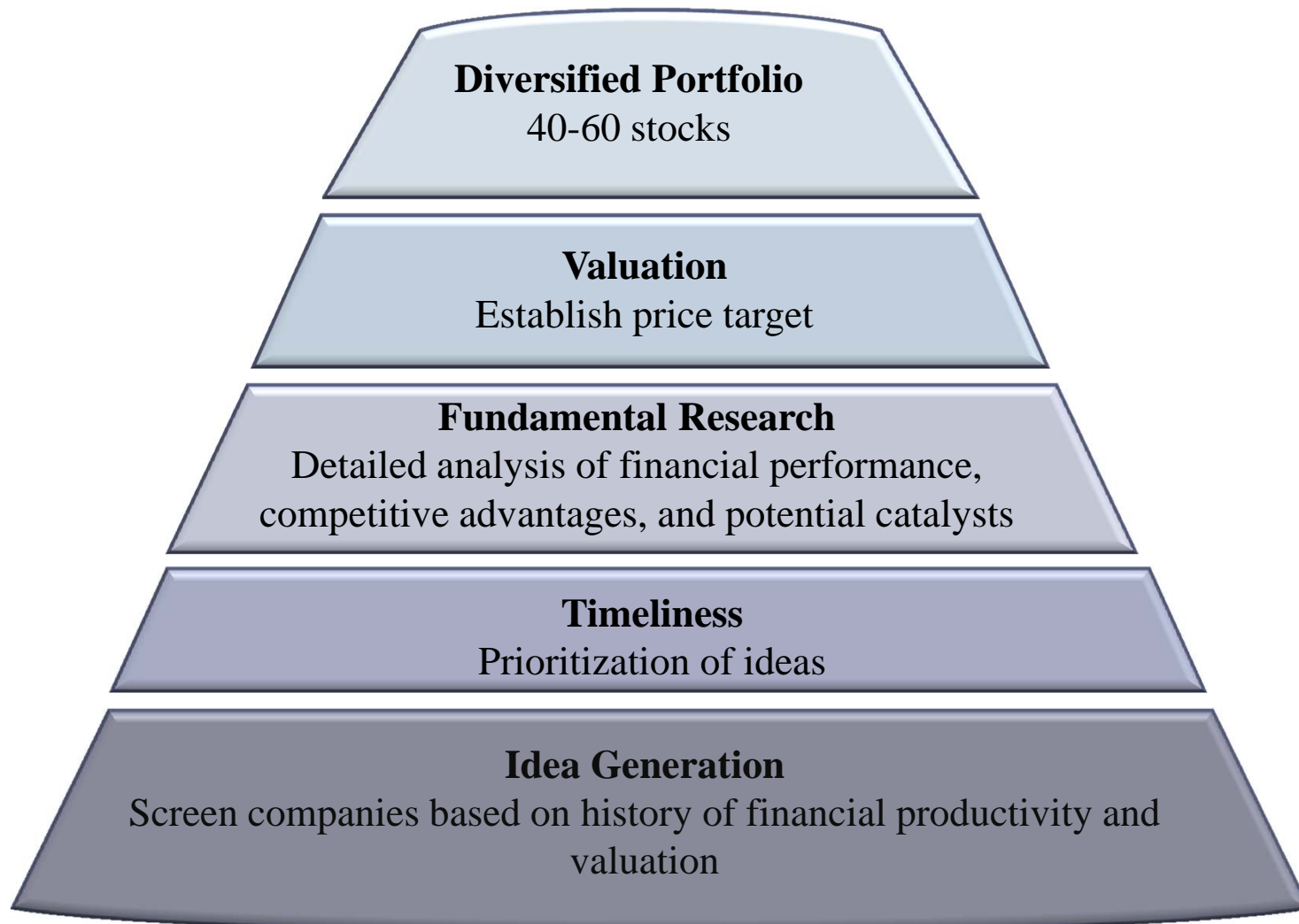
“Elessar’s investment management team seeks to own companies that are statistically cheap, generate prodigious amounts of free cash flow and possess catalysts for improved operating performance that are not properly discounted by the market.”

Elessar Objectives

- ▶ Be Consistent, Repeatable and Quantifiable
- ▶ Preserve and Enhance Our Clients’ Principal
- ▶ Produce Above-Market, Top Quartile Risk-Adjusted Rates of Return Over a Full Market Cycle

Investment Process: Overview

Mirroring Our Investment Philosophy and Stock Selection Criteria



Investment Process: Stock Selection Criteria

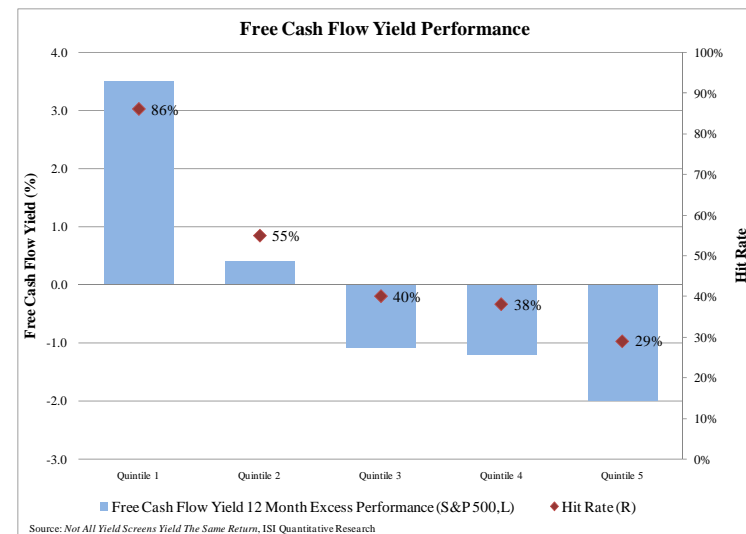
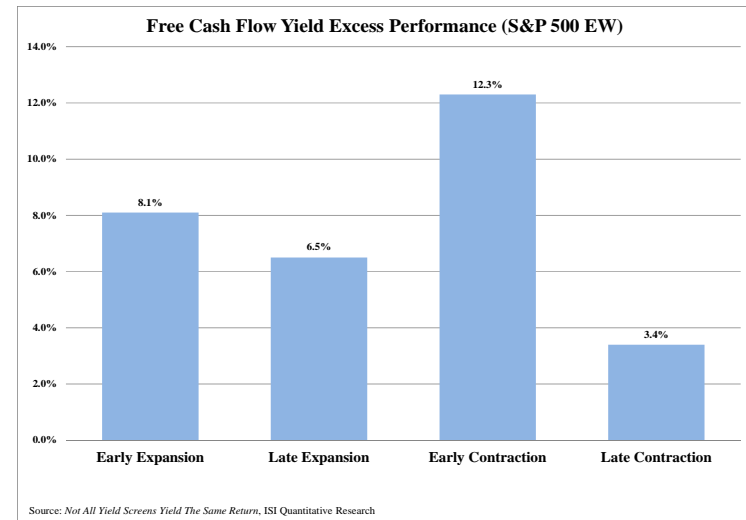
How We Screen for Quality and Price

- ▶ Stock screen reflects our investment mandate
 - Find companies with superior financial productivity as measured by free cash flow return on equity
- ▶ Financial productivity is adjusted for price/book value
- ▶ We focus on top-quintile performers in the \$150 million-\$2.5 billion market cap range
- ▶ Consistent performance over time is key
 - Good execution vs. one-time events

Investment Process: Third Party Study

Free Cash Flow Yield... An 'All-Season' Player

- ▶ Free Cash Flow yield is a facsimile of our QAPM
- ▶ In September, 2009, ISI Group considered the performance of High Free Cash Flow yield stocks through a business cycle (since 1990 and defined by changes in the ISM Index)
- ▶ Cash Flow Metrics are a better measure of quality
 - Reported Earnings performance can be influenced by accruals and thus can be manipulated



Investment Process: Rigorous Research

Extensive Bottom-Up Fundamental Research



Collaborative Sector Coverage

- ▶ Robust vetting process prevents loss of critical information

Examination of Financial Data & Execution of Business Model by Management

- ▶ The numbers tell a story...

Interview Management and Compare Notes with Sell-Side Research

- ▶ A network of over 30 regional brokerage and economic research firms

Determine Company's Cash Flow and Growth Prospects

- ▶ Valuation should capture assumptions for growth, execution, and risk

Price Target

- ▶ Use historical and peer comparative valuations

Investment Process: Buy/Sell Decision-Making

Each Decision Requires a Review of Company Fundamentals

BUY

- ▶ Partial Position @ 10-15% Below Price Target
- ▶ Full Position @ 15%+ Below Price Target

SELL

- ▶ Price Objective Reached
- ▶ Weed-Out Chronic Under Performing Stocks
- ▶ Sell @ 35% Below Avg. Cost If Position Fails To Outperform Benchmark, Sector and Industry

Investment Process: Proactive Risk Controls

Investment Process...

And Corresponding Risk Controls

- | | | |
|---|---|---|
| ▶ Stock Screen: Biased Against High Risk | ➔ | Increased Financial Stability By identifying Financially Productive Companies |
| ▶ Extensive Bottom-Up Fundamental Research | ➔ | Independent Verification of Research Fundamentals and Financial Performance |
| ▶ Collaborative Sector Coverage | ➔ | A Key Driver of Risk Management |
| ▶ Portfolio Construction Parameters <ul style="list-style-type: none">– Sector Weights +/- 750 bps vs R2V– Maximum Position Size 4.5%– Cash Typically No Greater Than 5% of Total Portfolio | ➔ | Maintains Discretionary Alpha Without Undue Sector/Stock Specific Risk |
| ▶ Robust Buy/Sell Discipline | ➔ | Eliminates Emotional Decision-Making and Limits Investment Losses |
| ▶ Monitor Portfolio Style Designation | ➔ | Mitigates Style Drift & Market Cap Creep |

Quality–Built Portfolio of Small Cap Equities

Portfolio Characteristics <i>As of March 31, 2013</i>	Elessar SCV	Russell 2000 Value	
Avg. Market Cap (\$MM)	\$1,403	\$1,325	
L12M P/E	14.6	15.8	} Attractive Valuations ✓
N12M P/E	13.0	15.5	
Price/Book	1.4	1.4	
Price/Sales	1.0	0.8	
L12M EPS Growth	21.8%	7.2%	— Solid Growth ✓
Dividend Yield	1.2%	2.2%	
ROE	7.8%	5.8%	— Good Quality ✓
Long Term Debt/Capital	29.5%	32.6%	— Conservative Balance Sheets ✓
Beta vs. R2V	0.98	1.00	— Reasonable Risk ✓

Source: Internal calculations, Reuters Database & FactSet

Portfolio GICS Sector Weights as of 3/31/13

GICS Sector	Elessar Small Cap Value	Russell 2000 Value	Delta
Consumer Discretionary	8.2%	12.2%	-4.0%
Consumer Staples	4.3%	2.5%	1.8%
Energy	7.6%	6.6%	1.0%
Financials	32.3%	37.8%	-5.5%
Health Care	7.6%	4.4%	3.2%
Industrials	12.1%	12.7%	-0.6%
Information Technology	17.9%	11.7%	6.2%
Materials	4.3%	5.5%	-1.2%
Telecommunication Services	1.4%	0.5%	0.9%
Utilities	1.4%	6.1%	-4.7%
Unclassified/Cash	2.9%	0.0%	2.9%
Total	100.0%	100.0%	

Source: FactSet – Reuters Database; Russell Electronic Data Environment (REDE)

Top Ten Holdings as of 3/31/13

NAME	% WEIGHT
ValueClick Inc.	3.47%
Orbital Sciences Corp.	3.28%
Argo Group International Holdings, Ltd.	3.12%
Ramco-Gershenson Properties Trust	3.04%
American Equity Investment Life Holding	2.96%
Cardinal Financial Corp.	2.80%
Innospec Inc.	2.63%
Mastec Inc.	2.60%
Cinemark Holdings Inc.	2.55%
Magellan Health Services Inc.	2.52%

Supplemental data to the GIPS compliant presentation

Why Elessar?

- ▶ Over 30 Years of Combined Experience Managing Small Cap Value Portfolios
- ▶ Top Quintile Performance Since Inception of the Firm
- ▶ Streamlined and Proprietary Stock Selection Process
- ▶ Collaborative Research Process is a Key Driver of Risk Management
- ▶ Employee Owned

Elessar Management Team

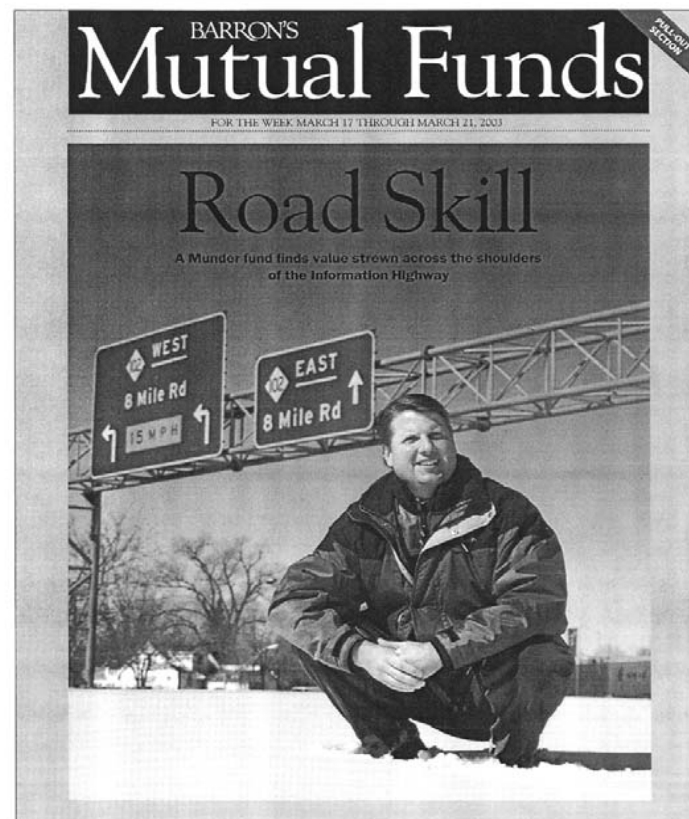
Richard A. Giesen, Jr. – Founder, Chief Investment Officer

In his role as Chief Investment Officer, Rick Giesen oversees all aspects of the investment process and manages the firm's research efforts. He began his career as a portfolio manager and equity analyst at Lazard Freres Asset Management in 1986. In the past 17 years, Rick was hired by three separate financial service firms in the Midwest to assist in the management or become the lead manager of the small cap value product. His market-tested experience and expertise in the development of a consistent, repeatable and quantifiable stock selection process were implemented at these firms in order to address and resolve issues of lackluster performance and/or ineffective stock selection methodologies. After he joined the team, each of these products subsequently performed strongly in terms of investment performance relative to their benchmark and peer groups, and in terms of asset growth and retention goals. Rick received a BA degree in Biology from Grinnell College and an MBA from Northwestern University in Finance and Accounting.

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Elessar Management Team

Ori Elan – Managing Director and Portfolio Manager

Ori Elan assists Rick Giesen in all aspects of the firm's stock selection process and portfolio management activities. He was hired by Rick Giesen as an equity analyst on the small cap value team at National City Bank. Prior to becoming an analyst on the small cap value team, Ori managed several indexed portfolios for National City's investment management company. Prior to joining National City, he was a financial analyst and chemical engineer at Air Products and Chemicals, Inc. As a citizen of Israel, Ori served as a Field Commander and Staff Officer for the Israel Defense Force for four years. He is also a citizen of the USA and the United Kingdom. As an Andrew Grove Foundation scholar, Ori received his B.S. degree in chemical engineering from the City of College of New York. He was Valedictorian of his graduating class. He also received his MBA from the Tepper School of Business at Carnegie Mellon University.



Christian N. Staneluis - Equity Research Analyst

Chris Staneluis is an Equity Research Analyst with the firm and plays an active role in the stock selection process. He also supports the firm's internal marketing efforts. Chris has 14 years of investment industry experience. Prior to joining Elessar Investment management, Chris was a founding partner of a local hedge fund that employed a pair trading strategy. Previously, Chris was a co-manager on the small cap growth equity team at National City Bank. This team earned a top-10 ranking in The Wall Street Journal's "Category King" list in January 2004. Chris began his investment career as a sell-side analyst on an Institutional Investor All-Star industrial equity research team at Midwest Research. He spent six years as a territory manager for Parker Hannifin, a Fortune 500 industrial components company. Chris earned a B.S. degree in aerospace engineering from The University of Cincinnati. He received his MBA in Finance from Syracuse University and is a member of the Beta Gamma Sigma honor society.



Elessar Management Team

Mitchell W. Krahe – Managing Director and Chief Operating Officer

Mitch Krahe is the Chief Operating Officer of Elennar Management Holdings, LLC and Chief Compliance Officer of Elessar Investment Management, LLC. His responsibilities encompass all non-investment matters including legal, compliance and financial issues. Mitch has been an attorney for over 16 years with 14 years of investment experience including his previous position as the Director of Legal Affairs for Allegiant Asset Management Company, a wholly-owned subsidiary of National City Bank and a registered investment advisor with approximately \$26 billion in assets under management. He also founded a chain of car wash establishments still in operation in the Cleveland metropolitan area. Mitch received a B.S. in business from Miami University of Ohio and a J.D. from Case Western Reserve University School of Law.



Elessar Small Cap Value Composite

Annual Disclosure Presentation

Year End	Total Firm Assets (USD)	Composite Assets (USD)	Number of Accounts	% of Non- Fee- Paying	Annual Performance Results Composite		Russell 2000 Value Index	Composite Dispersion	Composite 3 Yr St Dev	Benchmark 3 Yr St Dev
					Gross	Net				
2011	\$71,382,271	\$33,289,035	8	0	-4.97%	-5.43%	-5.50%	N/A	23%	26%
2010	\$24,597,986	\$17,761,583	5	0	34.15%	33.25%	24.50%	N/A	25%	28%
2009	\$14,915,870	\$14,598,902	4	0	24.73%	24.04%	20.58%	N/A	23%	26%
2008	\$8,723,760	\$5,421,806	4	0	-21.74%	-22.51%	-28.92%	N/A		
2007	\$5,063,653	\$517,726	2	0	-6.26%	-6.97%	-9.78%	N/A		
2006*	\$931,852	\$559,770	2	0	11.27%	10.71%	8.79%	N/A		

*Composite and benchmark performance are for the period April 1, 2006 through December 31, 2006.

N.A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year and/or- information is not statistically meaningful due to an insufficient period of time.

Small Cap Value Composite

Elessar Investment Management, LLC (the "Company") was incorporated in August 2005 and is a wholly-owned subsidiary of Elennar Management Holdings, LLC. The Company provides investment management services for institutions and individual investors and is a registered investment advisory with the Securities and Exchange Commission. The Company opened for business in January 2006. The Company currently has three principals with a total of over 40 years of investment decision making experience.

Elessar Investment Management, LLC uses a "value" investment philosophy for all equities held under management. The Company invests accounts primarily in domestic small cap value equities with a market capitalization range of approximately \$150 million to \$2.5 billion. The Company's main objective is to produce above-average returns on a risk-adjusted basis.

Elessar Investment Management, LLC's investment strategy utilizes an active management approach emphasizing stock selection. The Company focuses on companies that possess the best quality at the lowest possible price. Quality is typically measured by a company's current stock price-to-book valuation. The proprietary combination of these quality and valuation factors is a quantifiable metric at an Acceptable Price Model (QAPM). The Company combines this with a fundamental bottom-up due diligence process to identify those securities that the portfolio managers believe have the highest likelihood of outperforming the Russell 2000 Value Index. Composite performance is net of non-reclaimable withholding taxes on dividends and interest, but not capital gains.

Elessar Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Company has been independently verified for the periods April 1, 2006 through December 31, 2011.

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 Small Cap Value Composite has been examined for the periods April 1, 2006 through December 31, 2011. The verification and performance examination reports are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. All accounts will be included in one performance composite. The Elessar Small Cap Value Composite includes accounts with an opening value of \$250,000 and above. The composite was created on April 1, 2006. A full list of composite description is available upon request. For comparison purposes, the composite is measured against the Russell 2000 Value Index.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. 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.

The investment management fee schedule for the composite is 1.00% on the first \$10 million, 0.90% on the next \$40 million, and 0.85% on the remainder. Investment advisory fees are subject to negotiation. Past Performance is no indicative of future results.

For More Information Please Contact

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