



**DAM LARGE CAP VALUE SEPARATE ACCOUNT STRATEGY 1Q15**

**FIRM INFORMATION AS OF 3/31/15**

**Firm AUM:** \$2.2 billion

**Strategy AUM:** \$180 million

**Total Staff:** 19

**Lead Portfolio Managers:** 4

**Associate Portfolio Managers/Analysts:** 3

**PORTFOLIO**

**MANAGEMENT TEAM**

**NELSON WOODARD, PHD**

Co-Chief Investment Officer  
Lead Portfolio Manager  
29 years investment experience

**E. CLIFTON HOOVER, CFA**

Chief Investment Officer  
30 years investment experience

**DAVID DREMAN**

Founder and Chairman  
41 years investment experience

**PHILOSOPHY**

- Market over-reacts to events often overpricing out-performing stocks and underpricing poorly performing stocks.
- Negative over-reactions create an opportunity to purchase solid stocks at a discount to their intrinsic value and may result in substantial long-term gains.
- This contrarian value philosophy forms the basis of our low p/e strategy and leads to a highly disciplined approach to investing that avoids style drift and offers downside protection.

**INVESTMENT PROCESS**

- Identify stocks that are undervalued by the market or have experienced declining profits and/or prices due to market over-reactions; based on low P/E, P/B, P/CF, P/S and high dividend yield.
- Conduct fundamental analysis to select from this universe the best stocks for our portfolio and eliminate value traps and stocks with deteriorating fundamentals.
- Purchase selected stocks as they trough and maintain positions over long-term horizon (3-5 years) until they reach full valuation.

**SELL DISCIPLINE**

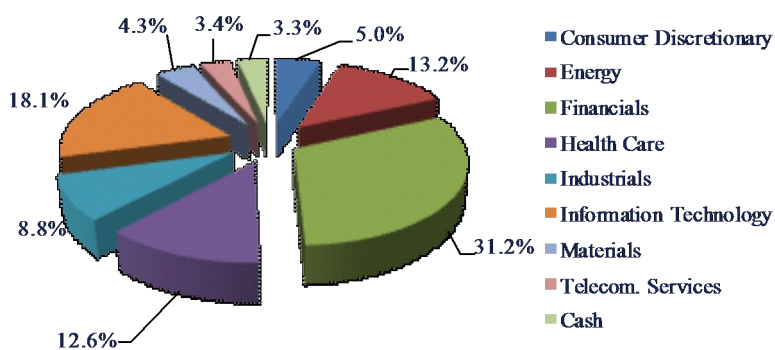
- A stock's valuation rises above the market.
- A stock's valuation exceeds that of its industry.
- A stock experiences weak or declining price momentum and/or deteriorating fundamentals.

**TOP 10 HOLDINGS AS OF 3/31/15**

Valero Energy Corporation	2.42%
L-3 Communications Holdings, Inc.	2.37%
Corning Incorporated	2.36%
Devon Energy Corporation	2.30%
Thermo Fisher Scientific Inc.	2.27%
Teva Pharmaceutical ADR	2.25%
Hartford Financial Services	2.23%
PNC Financial Services	2.22%
Apple Inc.	2.20%
HCA Holdings, Inc.	2.17%

Source: FactSet. Based on a representative account.

**SECTOR BREAKDOWN AS OF 3/31/15**



Source: FactSet. Based on a representative account.

**MARKETING & CLIENT SERVICING CONTACTS c/o CONTRARIAN SERVICES CORP.**

**Emily Mead**  
Director, Managed Accounts

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Assistant Vice President, Marketing

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## PERFORMANCE-PERIOD ENDING MARCH 31, 2015 (\$US)

	1Q15	1 YEAR	3 YEAR	5 YEAR	7 YEAR	10 YEAR	INCEPTION (11/30/2002)
LARGE CAP VALUE (GROSS)	-1.19%	4.10%	13.00%	10.84%	5.04%	4.93%	7.60%
LARGE CAP VALUE (NET)	-1.92%	1.07%	9.73%	7.63%	1.98%	1.87%	4.48%
RUSSELL 1000® VALUE	-0.72%	9.32%	16.43%	13.75%	7.73%	7.21%	9.05%

Source: CAPS 4.0. Based on a composite. Past performance is not indicative of future results.

CHARACTERISTICS		
AS OF 3/31/15	LARGE CAP VALUE	RUSSELL 1000® VALUE
WTD. AVG MKT CAP (\$MM)	84,793	105,988
DIVIDEND YIELD	2.2%	2.3%
P/E (NTM) (MEDIAN)	12.7x	17.0x
P/B	2.8x	4.8x
ROE	14.0%	12.3%
# OF HOLDINGS	53	700
1YR. AVG. PORTFOLIO TURNOVER	21.1%	12.0%

Source: FactSet. Based on a representative account

5 YEAR STATISTICAL ANALYSIS	
AS OF 3/31/15	LARGE CAP VALUE
STANDARD DEVIATION	16.55
SHARPE RATIO	0.65
ALPHA	-4.88
BETA	1.21
R SQUARED	94.16
INFORMATION RATIO	-0.60
TRACKING ERROR	4.85

Source: FactSet Based on a composite.

**Definition of the Firm** Dreman Asset Management (“DAM”) is a division of Dreman Value Management, L.L.C. (“Dreman”), an independent investment management firm and registered investment adviser established on July 1, 1997. DAM participates in a number of wrap-fee SMA/UMA sponsor programs with several large financial institutions. These institutions provide separately managed account services to their clients.

From November 30, 2002 through September 30, 2010, historical performance for the DAM Large Cap Value Wrap-fee SMA/UMA Composite is based on a representative Wrap-fee SMA/UMA model account. The model account was incepted and created on November 30, 2002. From October 1, 2010 through March 31, 2014, performance is based on a composite of performance reported by the following Large Cap Value Wrap-fee sponsors; FundQuest, Lockwood, Brinker Capital, Janney Montgomery Scott, LPL Financial and Stifel Nicolaus. Beginning April 30, 2014 performance is based on 4 Large Cap Wrap-fee Sponsors: FundQuest, Lockwood, Brinker Capital and LPL Financial

DAM maintains a complete list of products and descriptions for strategies which is available upon request.

**Valuation** Valuations are computed and performance is reported in U.S. Dollars.

**Benchmark** The benchmark for the DAM Large Cap Value Wrap-fee SMA/UMA Composite is the Russell 1000® Value Index. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The market indices used herein have been included for purposes of comparison of an investment in the relevant strategy to an investment in certain well-known, broad-based equity benchmarks. The statistical data regarding such indices have been obtained from Factset and returns are calculated assuming all dividends and income are reinvested. The volatility of these indices may be materially different from that of funds and accounts of DAM. These indices are unmanaged, with no fees, expenses or taxes. It is not possible to invest directly in an unmanaged index; however, an individual can invest in exchange traded funds or other investment vehicles that attempt to track the performance of an unmanaged index.

**Fees** Returns are presented gross and net of management fees and include the reinvestment of all dividends and income. Gross-of-fees performance returns are presented before management and custodial fees but after all trading expenses. Returns are presented net of non-reclaimable withholding taxes. Net-of-fees performance returns are calculated by deducting the highest wrap sponsor’s bundled fee of 0.75% per quarter from the quarterly gross representative account return. Please refer to Dreman’s Form ADV Part 2A for all SMA/UMA wrap-fee fee schedules. *Actual investment advisory fees incurred by clients may vary.*

**Minimum Account Size** The minimum account size for our Wrap-Fee SMA/UMA sponsors is \$100,000 USD/ \$30,000 USD. The Firm has full discretion over all of the client accounts that participate in the SMA wrap programs that the Firm is engaged to provide investment advisory services to.

**Past performance does not guarantee future results, and periodically, current performance may be lower or higher than the performance data quoted.** There is no assurance that any securities discussed herein remain in any fund or account of DAM at the time that you receive this or that securities sold have not been repurchased. All investments involve risk including the potential loss of all principal invested. The investment return and principal value of an account will fluctuate so that a client’s account may be worth more or less than its original value. Actual account performance may differ due to; among other things, the timing of investments and withdrawals, individual account restrictions and limitations and differing tax treatment. To obtain the most recent month-end performance, please contact us at [rfi@dreman.com](mailto:rfi@dreman.com) or 1.877.830.6004.

**This material has been prepared for investors and investment professionals, including broker-dealers and investment advisers.**