

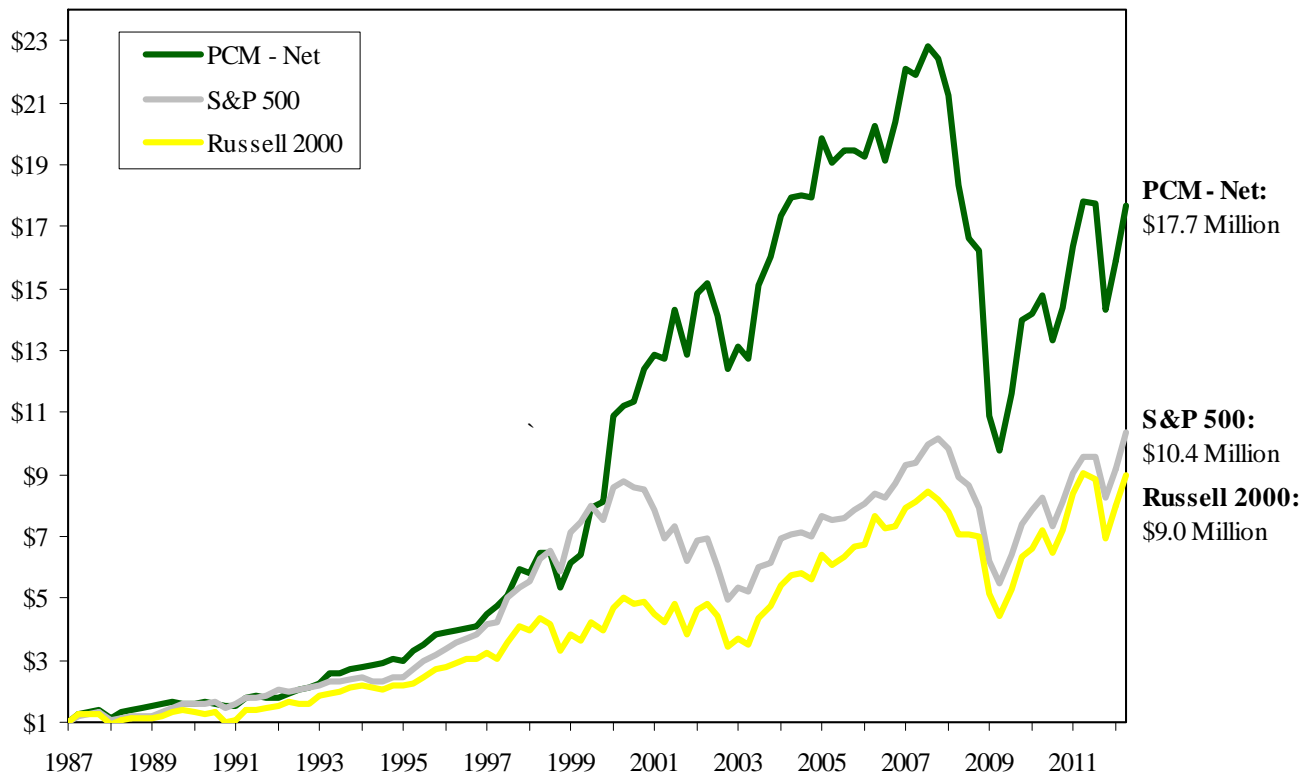
# PCM Performance History - Since Inception

December 31, 1986 – March 31, 2012

	<u>Annualized Return</u>	<u>Cumulative Return</u>
<b>PCM Flat Fee Composite – Net:</b>	<b>12.05%</b>	<b>1,669.35%</b>
S&P 500:	9.70%	935.50%
Russell 2000:	9.09%	799.92%

## GROWTH OF \$1 MILLION

Performance: cumulative / time-weighted (12/31/86 - 3/31/12)



Composite returns for the most recent quarter are preliminary subject to verification by PCM's external GIPS auditor. Returns for the period 1987 – 1992 are provided as supplemental information only. These returns reflect the performance of PCM's firm-wide equity holdings for client accounts and do not include fixed income or cash allocations. Please see the provided Explanation of Performance. Past performance does not guarantee future results. Individual account performance will vary.

## EXPLANATION OF PERFORMANCE

Private Capital Management, L.P. ("PCM") (collectively with its predecessor firm, Private Capital Management, Inc.), is a registered investment adviser under the Investment Advisers Act of 1940. Since 2001, PCM has been a wholly owned subsidiary of Legg Mason, Inc. PCM manages client portfolios (including separate accounts and several pooled vehicles) using a value investment style and may invest in companies of any market capitalization. PCM invests client assets primarily in publicly traded equity securities of U.S. based companies.

### I. PRESENTATION DESCRIPTION.

The Flat Fee Account Total Return Composite contains fully discretionary long and short core equity accounts managed by PCM. The composite's investment philosophy focuses on undervalued companies (over-valued in the case of short positions) based on PCM's proprietary investment analysis, including an analysis of the companies' free cash flow and other relevant factors. The composite includes accounts that permit use of leverage (principally short sales), which can carry higher comparative risk. Throughout the composite's history the use of leverage has not been a primary investment strategy. During the specific periods when leverage has been utilized, it has amounted to less than 10% of gross composite assets. The use of margin (or other use of leverage) occurs only for client accounts that authorize its use. PCM does not limit its clients' ability to restrict the use of leverage in their accounts.

Effective June 30, 2009, PCM's primary benchmark for comparison purposes was changed to the S&P 500. The Russell 3000 was the primary benchmark for the period January 1, 2006 through June 30, 2009, but is no longer being shown as PCM believes that the S&P 500 is a benchmark that is more widely used and understood by the investment community. Prior to January 1, 2006, PCM's primary benchmark for comparison purposes was the Russell 2000 Index. The composite does not have an investment goal of achieving returns that correlate with any particular benchmark over the long term.

PCM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PCM has been independently verified for the periods January 1, 1993 through March 31, 2012. Verification assesses whether (i) a firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (ii) whether the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Flat Fee Account Total Return composite has been examined for the periods January 1, 1997 through March 31, 2012. The verification and performance examination reports are available upon request.

Performance for periods prior to January 1, 1993 is shown as supplemental information and is not in compliance with GIPS. Returns for those periods reflect PCM's firm-wide equity holdings for client accounts and do not include fixed income or cash allocations.

Year End	PCM Net	Pure Gross**	Russell 2000	S&P 500	Number of Accounts	Total Firm Assets***	Composite Assets***	Composite Dispersion	PCM Net	S&P 500	PCM Gross	
Q1 2012	11.33%	11.77%	12.44%	12.59%	144	1,596	246		1 Year*	-0.6%	8.5%	1.0%
2011	-2.95%	-1.39%	-4.18%	2.11%	153	1,529	231	0.98%	3 Year*	22.0%	23.4%	24.0%
2010	15.44%	17.30%	26.85%	15.06%	178	1,683	278	1.41%	5 Year*	-4.2%	2.0%	-2.5%
2009	29.93%	32.08%	27.17%	26.46%	253	1,792	369	3.88%	10 Year*	1.6%	4.1%	3.8%
2008	-48.65%	-47.69%	-33.79%	-37.03%	514	2,560	580	2.23%	15 Year*	9.2%	6.1%	11.9%
2007	-3.62%	-1.96%	-1.57%	5.48%	1,819	15,757	4,217	2.20%				
2006	14.44%	16.38%	18.37%	15.80%	2,871	25,138	7,451	2.11%				
2005	-2.91%	0.10%	4.55%	4.88%	3,923	30,478	9,146	1.52%				
2004	14.33%	17.82%	18.33%	10.92%	3,806	32,162	8,901	1.98%				
2003	32.07%	35.96%	47.25%	28.62%	2,236	21,540	5,018	4.11%				
2002	-11.34%	-8.60%	-20.48%	-22.15%	950	11,485	2,111	2.58%				
2001	15.32%	18.70%	2.49%	-11.91%	517	10,550	1,629	3.36%				
2000	18.09%	21.68%	-3.02%	-9.15%	332	6,617	1,042	6.20%				
1999	76.64%	81.79%	21.26%	21.03%	184	4,949	631	11.34%				
1998	5.86%	9.05%	-2.55%	28.57%	126	2,454	309	4.06%				

\*\* Pure gross-of-fees returns do not reflect the deduction of any expenses, including trading costs and are supplemental to net returns.

\*\*\* Assets in millions, U.S. Dollars.

\* Trailing returns are provided as of 3/31/12.

The firm maintains a complete list of composite descriptions, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented gross of foreign withholding taxes on dividends. Withholding taxes may vary according to the investor's domicile.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Gross returns are shown as supplemental information and are stated gross of all fees and transaction costs. Flat fee accounts pay a fee based on a percentage of assets under management. Other than PCM's investment management fee and trading costs, this fee may include portfolio monitoring, consulting services, and in some cases, custodial services. For the period January 1, 1987 through December 31, 2005, net returns reflect a 3.00% annual reduction (including PCM's management fee) applied on a quarterly basis to adjust for fees and transaction costs. This reduction exceeds the highest arrears-based annual flat fee charged to any PCM client as of the quarter ending December 31, 2007.

For the period January 1, 2006 through present, net returns reflect the actual management fees charged by PCM as well as the actual bundled fees charged by the respective plan sponsor. In instances where PCM could not identify or ascertain the actual bundled fees charged by the respective plan sponsor for a specific account, PCM applied a 3.00% annual reduction (including PCM's management fee) to the account.

Flat fee accounts make up 100% of the composite for all periods shown. Flat fee schedules may be provided by independent plan sponsors and may be requested from the respective plan sponsor. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding policies for valuing portfolios, calculating performance, and preparing Compliant Presentations are available upon request.

The standard investment management fee schedule for the composite is 1%. Actual investment advisory fees incurred by clients may vary.

The 2011 three-year annualized ex-post standard deviation of the composite is 22.52% compared to 18.70% for the S&P 500 and 24.99% for the Russell 2000. As of 3/31/12, the three-year annualized ex-post standard deviation of the composite is 19.75% compared to 16% for the S&P 500 and 22.26% for the Russell 2000.

The Flat Fee Account Total Return Composite was created August 1, 2007.

### II. IMPORTANT PERFORMANCE DISCLOSURES.

1. Past performance is no guarantee of future results. No assurance can be given that an investor will not lose invested capital.
2. Individual account performance will vary.
3. PCM's pure gross returns do not reflect the payment of investment management fees or other fees paid by flat fee accounts.

### III. INDEX DESCRIPTIONS.

The S&P 500, a market-value weighted index of 500 stocks chosen for market size, liquidity and industry group representation, and the Russell 2000, the 2,000 smallest companies in the Russell 3000 Index (the 3,000 largest U.S. companies based on total market capitalization) are non-managed indices that do not accrue advisory or transactional expenses. Index performance data is sourced from Interactive Data Corporation. Market capitalization is the value of a corporation as determined by the market price of its issued and outstanding shares of common stock.

### IV. ADDITIONAL INFORMATION.

Additional important information you should consider before investing with PCM is contained in PCM's Form ADV Part 2A. A copy of PCM's Form ADV Part 2A and other materials relating to PCM are available on PCM's website at [www.private-cap.com](http://www.private-cap.com).