

ALL CAP VALUE

First Quarter | 2012

EAGLE ALL CAP VALUE

Top 10 Holdings

IBM	4.59%
Oceaneering International	4.23%
Cooper Industries	4.15%
Goodrich	3.64%
Mylan	3.35%
Home Depot	3.32%
Zimmer Holdings	3.28%
JPMorgan Chase & Co.	3.11%
Honeywell	3.04%
Omnicom Group	3.02%
Total % in top 10 holdings	35.76%

Statistical Information

Trailing Price/Earnings	15.09x
Forward Price/Earnings	13.42x
Price Earnings/Growth	1.00x
Price/Book	1.99x
Price/Sales	1.41x
Price/Cash Flow	8.11x
Long-term Growth Rate	10.29%
Long-term Debt/Capital	54.63%
Return on Equity	16.26%

Median market cap	\$14.78 B
Wtd. average market cap	\$45.24 B
Avg. number of positions	30-50
Annual portfolio turnover	35%-40%

Managers:

Ed Cowart, CFA
David Blount, CFA, CPA
John Pandtler, CFA

Eagle's All Cap Value investment process centers on Value and Reasonable Growth, a classic value style with a quality bias. We avoid companies that we consider to be "deep value" — cheap stocks with poor fundamentals — as well as "relative value" — high-quality companies that are excessively priced.

Features

- Equity objective offering all-cap value stocks
- Capitalization range: generally greater than \$100 million
- Weighted-average (dollar-weighted) market cap: \$45.24 billion

Investment Process¹

Our investable universe consists of companies in the Russell 3000 Value Index with market caps greater than \$100 million. We narrow the initial universe using valuation-driven criteria, and use qualitative-driven criteria to narrow our focus further. Value opportunities are created when multiple negative factors center on a single stock. We look for companies that are misjudged whose future prospects are not widely or accurately recognized, oversold companies whose stock has overreacted to news or a temporary disruption in earnings potential, and unpopular companies whose industry, sector or the company itself has fallen out of favor. The result is a well-diversified portfolio of 30 to 50 stocks with a portfolio beta below or equal to that of the Russell 3000 Value Index.

Investment Tenets

- Value and Reasonable Growth (VARG)
- Opportunistic: Misjudged, unpopular or oversold
- Well-defined catalyst: Quality companies with a clear path to unlocking intrinsic value
- Knowledge-driven: Bottom-up, fundamental, replicable research drives process
- Adaptable: Flexible stock- and sector-oriented approach
- Collaborative: Team approach, daily interaction, sector specialists, consensus decision-making

Risk Management

- "What we don't own is just as important as what we do own."
- A bias toward quality
- Avoid "value traps"
- Sector weights generally within 10 percentage points of the benchmark
- Thorough investment thesis with value targets
- Focus on quality metrics
- Daily meetings to monitor/review sectors and stocks and weekly strategy and risk meetings
- Formal weekly attribution of portfolio returns
- Systematic review process for adherence to client guidelines

Sell Discipline

- Company or industry fundamentals deteriorate or a significant change in competitive landscape occurs
- Price appreciation to a level where valuation case can no longer be made
- Position size (5%) or industry weighting (25%) becomes too large relative to portfolio
- Shift in investor base to momentum-oriented managers
- New investment idea is relatively more attractive

Performance² as of March 31, 2012

		First Quarter	Year to Date	One Year	Three Years	Five Years	Since Inception (Oct. 1, 1999)
Eagle All Cap Value	Gross	11.76%	11.76%	8.39%	27.70%	6.26%	8.13%
Eagle All Cap Value	Net	11.32%	11.32%	6.30%	25.29%	4.31%	6.18%
Russell 3000 Value Index		11.17%	11.17%	4.32%	23.03%	-0.75%	4.82%

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain current month-end performance information, please call your financial advisor or visit eagleasset.com.

Trailing Standard Deviation as of March 31, 2012

		Three Years	Five Years	Seven Years	10 Years	Since Inception (Oct. 1, 1999)
Eagle All Cap Value	Gross	23.46%	23.84%	20.11%	19.10%	18.17%
Eagle All Cap Value	Net	23.40%	23.77%	20.05%	19.05%	18.13%
Russell 3000 Value Index		21.32%	23.54%	20.17%	19.92%	18.59%

Source: Callan; standard deviation is not statistically relevant for periods less than three years

Manager Outlook

It would not be too surprising to us to see some consolidation or correction given the rally stocks have experienced since last fall. The upcoming earnings season is likely to show mixed results as comparisons with last year are more difficult and some margin pressure is likely given the rise in many input prices. Gasoline prices seem to be ticking up almost weekly and likely will act as a governor on consumer spending. Looking further ahead, there is a tsunami of higher taxes slated for Jan. 1, 2013. We expect (or hope) the political process will work in the post-election period to head off some of those but there can be no guarantee. Finally, international issues likely will rear their heads, with an expected slowdown in China's growth rate and the ongoing fiscal melodrama in Europe taking center stage from time to time.

However, we should not lose sight of the bigger picture, which we judge to be favorable for equity investment:

1. The U.S. economy is growing, if only slowly, and the corporate sector remains in excellent condition with respect to balance sheets, profit margins and earnings levels.
2. Central banks all around the world are providing liquidity, which inevitably finds its way into asset markets.
3. Valuations for equities at 13-14 times this year's earnings look good to us on an absolute basis but, relative to fixed-income alternatives, are at generational lows.
4. Sentiment toward equities is still very negative ... which is a positive from a contrarian viewpoint.
5. Tremendous amounts of cash are on the sidelines, held by both individual investors and acquisition-minded corporations. That cash is available to move stocks higher as confidence returns.

For more information, visit eagleasset.com

¹ Not every investment opportunity will meet all of the stringent investment criteria mentioned to the same degree. Trade-offs must be made, which is where experience and judgment play a key role. Accounts are invested at the discretion of the portfolio manager and may take up to 60 days to become fully invested.

² Performance Disclosures

The calculation of the performance data includes reinvestment of all income and gains and is depicted on a time-weighted and size-weighted average for the entire period. Performance is shown after deduction of transaction costs and both "gross" (before the deduction of management fees) and "net" (after the deduction of management fees). Performance figures include all internal, retail All Cap Value accounts of Eagle Asset Management, a St. Petersburg, Florida-based firm. All composite performance data through 2010 have been verified by an internationally recognized accounting firm. Performance data for the current year have not been audited and are subject to revision. No inference should be drawn by present or prospective clients that managed accounts will achieve similar investment performance in the future. Past performance does not guarantee future results. Because accounts are individually managed, returns for separate accounts may be higher or lower than the average performance stated in the charts. Investing in equities may result in a loss of capital.

Descriptions and Definitions

The Russell 3000 Value Index measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. Index returns do not reflect the deduction of fees, trading costs or other expenses. The index is referred to for comparative purposes only and the composition of an index is different from the composition of the accounts included in the performance shown. Indices are unmanaged and one cannot invest directly in the index.

Standard Deviation – Standard Deviation is a measure of the dispersal or uncertainty in a random variable. For example, if a financial variable is highly volatile, it has a high Standard Deviation. Standard Deviation is frequently used as a measure of the volatility of a random financial variable.

Risks Associated with All Cap Value Investing

The risks associated with Value investing are based on the potential for a company's stock price to rise based upon anticipated changes in the market or within the company itself. As with all equity investing, there is the risk that a company will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. Of course, other factors relating to a company or to general market conditions may also contribute to price declines. Value stocks have historically been sensitive to economic cycles and investor sentiment that can affect volatility and risk. As with all equity investing, there is the risk that a company will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. The biggest risk of equity investing is that returns can fluctuate and investors can lose money. Not every investment opportunity will meet all of the stringent investment criteria mentioned to the same degree.

EAGLE | Asset
Management

eagleasset.com

880 Carillon Parkway | St. Petersburg, FL 33716 | 727.573.2453 | 800.237.3101

Not FDIC Insured

May Lose Value

No Bank Guarantee