DVM DREMAN VALUE MANAGEMENT, LLC
Asset Management

DAM MID CAP VALUE STRATEGY

QUARTERLY MANAGER COMMENTARY

First Quarter 2015

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41 years of Experience

Market Review

First quarter 2015 was marked by an increase in market volatility. The Dow Jones Industrial Average experienced 16 triple-digit moves during the month of March, the second highest of any month in history. Market participants were concerned about the Federal Reserve's ("FED") intention to start raising rates all the while digesting the news that the European Central Bank ("ECB") had finally launched its Quantitative Easing ("QE") program. The ECB has committed to buy 60 billion euros of Eurozone sovereign debt each month through September 2016, with the goal of heading off deflation and assisting economic growth. Other areas of uncertainty revolved around the volatility of oil prices, currency, Greece, and the ever-present geopolitical concerns in the Middle East.

January and March were marked by market downturns, while February saw the major indices hit record highs. The big debate during the quarter revolved around when the Fed commences interest rate hikes. It seemed the market took some comfort in several economic data points that were fairly anemic (i.e. February retail sales, the producer price index and the Michigan consumer sentiment index) which may delay any rate increases.

Most of the U.S. indices posted positive returns for the first quarter, with small cap leading the way as shown in the table below.

Portfolio Review

The Russell Midcap® Value Index gained 2.42% during the quarter. The Russell 1000® Value and Russell 2000® Value posted returns of -0.72% and 2.42%, respectively while the Mid Cap Growth returned 5.38%.

The Dreman Mid Cap Value Portfolio (he "Portfolio") underperformed the Russell Midcap Value Index as stock selection weighed upon performance. Health Care, Industrials, Financials, and Materials were our worst performing Sectors. Offsetting a portion of this weakness was our underweight in Utilities and our stock selection in the Information Technology and Consumer Discretionary sectors.

Health Care was the best performing space in the index during the quarter (+12.9%) and the largest detractor to performance given our significant underweight (4.6% vs 9.6%). Throughout most of 2014 we had gradually taken profits in this group as valuations became stretched. By the end of 2014 most of the industries within the Health Care sector traded at a median next-twelve-month Price to Earnings of 20x or higher. Offsetting some of the underperformance was Cigna, which climbed 25.8%. Rising premiums combined with increased enrollment due to Obamacare has been a major tailwind for all health insurers. We remain underweight Health Care and believe valuations are more attractive in other areas of the market.

QUARTERLY RETURN BREAKDOWN

Total Return %	January	February	March	1st Quarter
Russell 1000® Index	-2.8%	5.8%	-1.3%	1.6%
Russell Midcap® Index	-1.6%	5.5%	0.1%	4.0%
Russell 2000® Index	-3.2%	5.9%	1.7%	4.3%
Russell Global ex-U.S. Index	-0.2%	5.3%	-1.4%	3.6%

Source: FactSet and Advent Axys.

The volatility in interest rates impacted the Financials section of the Portfolio, in particular the more yield sensitive industries like banks and insurance companies. Regions Financial fell -10% after providing a weaker than anticipated net interest margin outlook for 2015 due to the low rate environment. The precipitous fall in the 10 year yield during the month of January weighed upon the entire group. Despite yields rebounding somewhat during the rest of the quarter, banks remained under pressure. Fifth Third Bank, Comerica, and SunTrust all finished lower during the quarter posting returns of -6.8%, -3.2%, and -1.5%, respectively. We continue to overweight the bank space given attractive valuations, their focus on reducing costs as well as the potential for higher net interest income as rates rise.

The continued decline in oil prices pressured several of our exploration and production companies as concerns over capital budgets and debt levels weighed upon the entire group. Chesapeake fell -27.3% after lowering production growth targets for 2015 following a reduction in its capital spending for the year due to the low oil price environment. Concerns over the company's inability to generate enough organic cash flow to meet this reduced spending budget combined with the need for further assets sales in a depressed commodity environment drove shares lower. We have been monitoring the position closely and have yet to add at these levels, despite shares trading at a 50% discount to book value. Valero was a lone positive in this sector for the Portfolio as it was up +29.5%. The entire refinery industry is benefiting from lower oil prices as the crack spread (difference between oil cost and end product pricing) remains at wide margins. Our other energy holdings did not fare much better: Oil States, -18.7%; Denbury Resources, -9.7%; Murphy Oil, -7.1%; and Marathon, -7.1%. Clearly, we are more intrigued with the energy sector given the sustained massive sell off in the stocks. We have yet to add to our positions at this point as oil prices search for a bottom. We maintain an overweight in Energy.

Our stock selection in the Consumer Discretionary Sector benefitted the Portfolio as several of our names reported solid earnings. Kohl's was up +29% as several initiatives taken by management last year started to drive traffic back to their stores and top line growth. Lear, a supplier of car seats, rose +13.2% on the continued strength of auto sales and expanding operating margins given management's cost cutting efforts over the past several years. Other names of note that posted solid returns were: Darden, owner of the Olive Garden chain, climbed +19.4% and Wolverine World Wide, manufacturer of branded footwear, was up 13.7%. Detracting from this performance was Shaw Communication, down -16.1%. This Canadian focused media company gave back gains from 2014 as softer than expected advertising trends weighed upon the stock.

Portfolio Analytics

Below is a list of the Portfolio's best and worst performers for the first quarter on an absolute basis.

1st Quarter Contributors	
Best of 1Q 2015	**Contribution**
Valero Energy	+46bps
Kohl's Corp	+40bps
Cigna Corp	+39bps
Lear Corp	+25bps
Wolverine World Wide	+20 bps

Source: FactSet. Based on a representative account.

1st Quarter Detractors	
Worst of 1Q 2015	**Contribution**
Shaw Communications	-26bps
Chesapeake Energy	-23bps
NetApp	-21bps
Owens-Illinois	-19bps
Triumph Group	-18bps

Source: FactSet. Based on a representative account.

Finally, from a fundamental perspective, we believe the Portfolio remains attractive as shown by the representative characteristics below.

1st Quarter Representative Characteristics		
3/31/2015	**DAM Mid Cap Value**	**Russell Midcap® Value**
P/E (median)	17.5x	20.2x
P/E (Est.) (median)	14.8x	17.8x
Dividend Yield	2.2%	2.1%
ROE (5yr. avg.) (median)	10.4%	10.0%

Source: FactSet. Based on a representative account.

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INVESTMENT OUTLOOK

It seems our "wall of worry" thesis is wearing thin as the U.S. bull market slowly plows ahead. Over the foreseeable future we expect an increase in financial market volatility as we get closer to the start of a rising interest rate cycle driven by the FED. However, its policy is data dependent and the views of market participants can be expected to shift with every surprising economic number. Given the sentiment that the U.S. recovery is progressing and the interest rate increases are coming at least by late 2015, the odds favor further dollar appreciation against the Euro.

We continue to believe that the positives for equities versus fixed income remain in place. In our opinion, primarily due to the exorbitant money printing of the global central banks since the 2008 crisis, there is now a colossal fixed income bubble in the developed world. Today, there are nearly $2 trillion of European bonds trading with a negative yield-to-maturity. Why anyone would buy a German 30 year bond with a 68bp yield or any other developed market bond, especially government bonds, is beyond us. The resolution to this era of financial repression, be it deflation, default, inflation or the resumption of a normal economic cycle, has yet to be decisively embraced by investors. As it does, financial market volatility is very likely to rise.

We are confident that Ms. Yellen, if spooked by weak economic data points, would be the first to delay any U.S. interest rate increases. In fact, recent comments from the Minnesota FED president, Narayana Kocherlakota, were to the effect that he believes that interest rates should not be increased until mid-2016 at the earliest and in fact that QE4 is theoretically possible. Stay tuned.

Despite the valuations of the major U.S. indices being not terribly attractive, we believe that the Portfolio remains attractive based on valuations.

As we start the second quarter of 2015, we believe that the Portfolio is a prudent choice for your U.S. equity allocation.

We thank you for your support.

FIRM OVERVIEW

Dreman Value Management, L.L.C. is a leading *contrarian value* investment management firm founded in 1997 by David Dreman, a pioneer in the field of contrarian investment strategies and behavioral finance.

Today we are a team of dedicated contrarians offering a *true* value solution to investors seeking *diversification and long-term results*. Our goal is to provide superior investment performance, consistently and over a long-term horizon, using the *unique* contrarian investment philosophy and *disciplined* investment approach pioneered by David Dreman over 30 years ago. We are committed to our efforts to provide unparalleled client service to all of our accounts by coupling what we believe to be exceptional talent with industry leading technology as we strive to provide the *best in class* portfolio management, trading, compliance, and marketing teams.

We believe that the market over-reacts to events in a predictable fashion and consistently misjudges the prospects of stocks, often resulting in over-exuberance for outperforming stocks and overwhelming negativity for underperforming stocks. Negative over-reactions create an opportunity to purchase solid stocks at a discount to the market and result in substantial long-term gains. The best way to identify these stocks is through a low p/e approach to stock selection. Studies have proven that low p/e stocks have far better appreciation than their high p/e counterparts.[1]

Combining a close understanding of behavioral tendencies with a low p/e approach to stock selection provides the best way to beat the market over time. 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.

[1]Dreman, David N. Contrarian Investment Strategies: The Psychological Edge
New York: Free Press, A Division of Simon & Schuster, 2012.

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Disclosures

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.

Past performance is historical and is no guarantee of future results. The opinions expressed herein are those of Dreman and are subject to change without notice. Economic and market forecasts presented herein reflect our judgment as of the date of this review and we have no obligation to make updates or changes to these forecasts in the future. These forecasts do not take into account the specific investment objectives, restrictions, tax and financial situation or other needs of any specific investor. Actual data will vary and may not be reflected here. These forecasts are subject to high levels of uncertainty that may affect actual performance. Accordingly, these forecasts should be viewed as merely representative of a broad range of possible outcomes. These forecasts are estimated, based on assumptions, and are subject to significant revision and may change materially as economic and market conditions change. Examples are provided for illustrative purposes only. Under no circumstances does the information contained within represent a recommendation to buy, hold or sell any security and it should not be assumed that any companies or sectors discussed were or will prove to be profitable. 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.

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 are reinvested. Such indices are not subject to any of the fees or expenses to which funds or accounts managed by DAM are subject. Funds and accounts managed by DAM are not restricted to investing in the securities which comprise any such index, their performance may or may not correlate to any such index, and they should not be considered a proxy for any such index. The performance results have been compared to one or more indices. 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.
Current and future holdings are subject to risk including the potential loss of all principal invested.

For more information with respect to the methodology used in the above attribution analysis and/or to obtain a list showing the contribution to the overall performance of each holding in the portfolios during the quarter, please contact us at rfi@dreman.com. The securities discussed above do not represent all of the securities purchased or sold within the portfolios or investment strategy.

Benchmark Definitions

Russell 1000® Index
The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the US market. The Russell 1000 Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

Russell 2000® Index
The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Russell Midcap® Value Index
The Russell Midcap Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap Value Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap value market.

Russell Midcap® Index
The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies. The Russell Midcap Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set.

Russell Global ex-U.S. Index
The Russell Global ex-U.S. Index measures the performance of the global equity market based on all investable equity securities, excluding companies assigned to the United States.
The Russell Global ex-U.S. Index is constructed to provide a comprehensive and unbiased barometer for the global segment and is completely reconstituted annually to accurately reflect the changes in the market over time.

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