

TOWLE & CO.

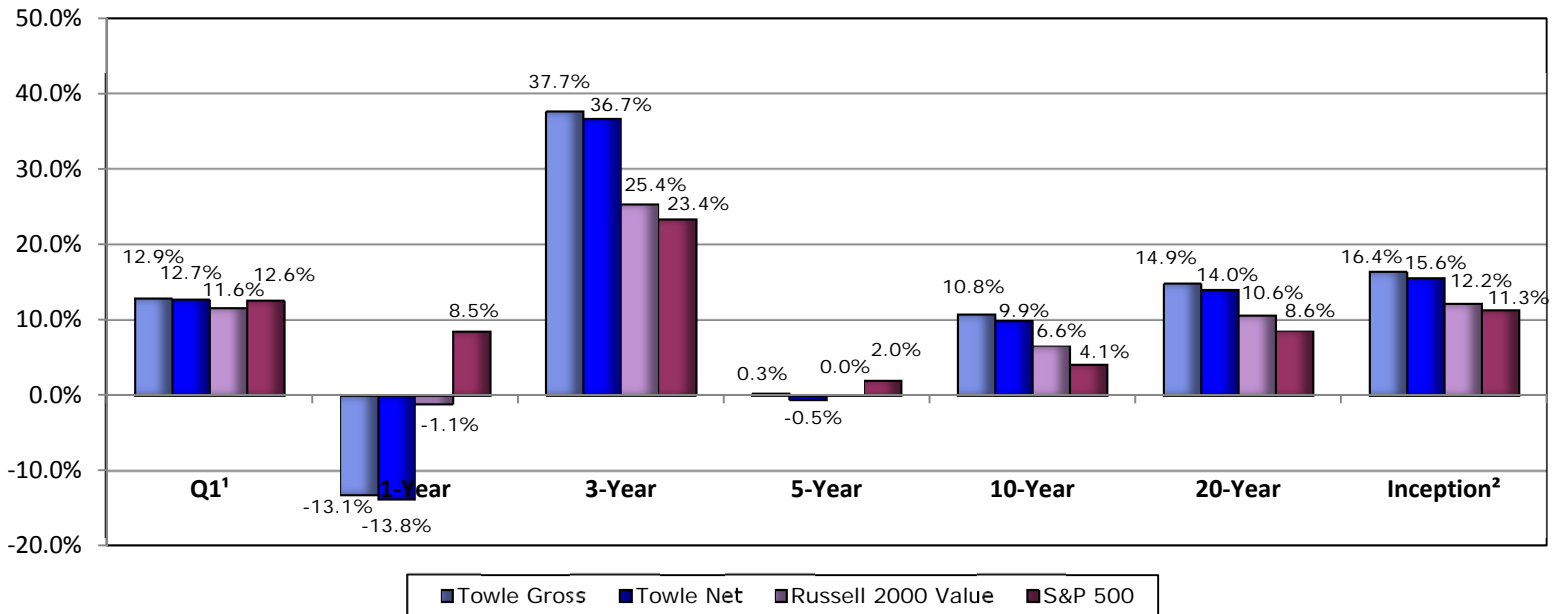
DEEP VALUE INVESTING

As of March 31, 2012

Firm Overview

Formed in 1981, Towle & Co. is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The firm manages equity portfolios for investors seeking above-average capital appreciation. With seven employees and approximately \$350 million in AUM, the firm remains independent, privately owned, and well positioned to serve high-net-worth, family-office, and institutional investors. The Towle family in aggregate is one of the largest investors in the strategy.

Annualized Composite Returns



Past performance is no guarantee of future outcome. Performance figures are calculated after the deduction of all transaction costs, commissions, and other portfolio expenses and include reinvestment of income. Returns are subject to adjustment at any time.

Investment Strategy

Towle & Co. executes a fundamental, bottom-up, value discipline that emphasizes the purchase of companies believed to be significantly undervalued relative to their private market worth and normalized earnings potential. We look for well run companies with strong market positions in industries such as financial services, manufacturing, distribution, consumer products, transportation, and energy. A distinguishing characteristic of the strategy is identifying investment candidates with very low price-to-sales ratios; a way to buy operating leverage and economic activity on the cheap. While our deep value approach may include large capitalization stocks, our search for absolute value usually leads to equities with market capitalizations under \$5.0 billion, a market segment where the majority of investment firms neglect thousands of well-seasoned, main street companies. We typically hold a focused portfolio of 35-45 names, and our long-term investment horizon has historically yielded tax efficient results. **For most investors, our approach appreciably diversifies their scope of investment and complements core allocations.**

Portfolio Characteristics*	Holdings by Capitalization ⁵	Top Ten Holdings*
Weighted Avg. Capitalization(\$Mil)	2,225.9	Aegean Marine Petroleum Inc 4.09%
Median Market Capitalization(\$Mil)	874.8	PHH Corporation 3.88%
Median Price / Earnings (ttm) ³	11.8	Jones Group Inc 3.81%
Median Price / Book Value	0.91	Meritor Inc 3.78%
Median Price / Sales (ttm)	0.21	CNA Financial Corp 3.61%
Median Debt / Equity	0.72	Sanmina-SCI Corp 3.60%
Weighted Average Dividend Yield	1.24	Tesoro Corporation 3.43%
Percent Turnover (ttm) ⁴	37.5	Whirlpool Corp 3.36%
Number of Holdings	42	Dole Food Company Inc 3.33%
		Valero Energy Corp 3.15%
		Total 36.04%

1 - Not an annualized number

2 - Inception = January 1, 1982

3 - Excludes negative earnings

4 - Representative account value

5 - Micro= <\$400MM; Small= \$400MM-\$3B; Mid= \$3B-\$10B; Large= >\$10B

* - Supplemental information to the Annual Disclosure Presentation on page 2

Investment Team	Investment Tenets
J. Ellwood Towle (CEO) <ul style="list-style-type: none"> • 30+ years experience / Team member since inception Christopher D. Towle (President) <ul style="list-style-type: none"> • 17+ years experience / Team member since 1994 Peter J. Lewis, CFA (Dir. of Research) <ul style="list-style-type: none"> • 24+ years experience / Team member since 2001 Wesley R. Tibbetts (Associate) <ul style="list-style-type: none"> • 3+ years experience / Team member since 2010 	Capital formation is essential to the development of free enterprise, business expansion, and economic growth. Common stock ownership represents financial participation in a variety of wealth- and job-creating activities. Capital preservation takes precedence over investment risk. A long-term investment outlook provides superior, after-tax results compared to short-term performance expectations. Clients are best served when their managed portfolios possess the same securities as those owned by the firm's principals.

Towle & Co. Deep Value Composite Annual Disclosure Presentation

	Deep Value Composite (Gross)	Deep Value Composite (Net)	Russell 2000 Value (R2KV) Index	Number of Portfolios in Composite	Composite Dispersion	Composite Assets (\$MM)	Total Firm Assets (\$MM)	Composite Assets as % of Firm Assets	% of Composite Assets in Non-Fee Paying Portfolios	Composite Ex-Post Standard Deviation	R2KV Ex-Post Standard Deviation
2011	-17.34%	-17.97%	-5.50%	64	0.40	\$301.03	\$308.01	97.74	6.57	37.73	26.05
2010	28.64	27.77	24.50	47	0.54	343.42	354.83	96.79	8.09	44.05	28.37
2009	100.81	99.26	20.58	42	2.10	249.09	257.17	96.86	8.85	42.39	25.62
2008	-49.85	-50.35	-28.92	35	0.62	137.66	156.57	87.92	3.61	29.36	19.14
2007	-10.04	-10.77	-9.78	44	0.51	278.82	321.71	86.67	2.83	17.12	12.59
2006	18.00	17.13	23.48	49	0.77	279.08	334.02	83.55	2.09	14.54	12.33
2005	8.85	7.99	4.71	49	1.32	217.60	272.51	79.85	2.30	14.91	14.09
2004	39.43	38.31	22.25	54	2.25	178.58	242.21	73.73	1.58	16.23	17.51
2003	60.80	59.58	46.03	56	3.14	130.64	174.83	74.72	0.87	19.03	18.43
2002	2.11	1.25	-11.42	50	1.42	48.69	76.06	64.01	1.38	18.33	17.40
2001	42.88	41.85	14.02	47	1.89	47.60	67.97	70.03	3.96	19.40	14.66
2000	-0.98	-1.52	22.83	43	2.91	30.36	47.70	63.64	1.47	19.27	16.61

Towle & Co. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Towle & Co. has been independently verified for the periods 01/01/2000 – 12/31/2011. 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 Deep Value composite has been examined for the periods 01/01/2000 – 12/31/2011. The verification and performance examination reports are available upon request.

Definition of Firm: Formed in 1981, Towle & Co. (the Firm) is registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 as a Registered Investment Advisor. The Firm provides investment management services to both institutional and private clients.

Composite Definition: Portfolios included in this composite seek above-average capital appreciation over the long-term by investing in publicly-traded common stocks of companies that are trading at significant discounts to their intrinsic values. The search for absolute value usually leads to smaller capitalization stocks, a market segment where a majority of investment firms neglect thousands of well-seasoned, "main street" companies. Consequently, many portfolio companies have market capitalizations under \$5 billion, though a number may exceed that amount.

The composite includes all fully-discretionary, taxable and tax-exempt portfolios that have been under the Firm's management for at least one entire month. The composite was created in January 1982. A complete list of Firm composites, descriptions, and performance results is available upon request.

Composite Dispersion: Towle & Co. utilizes an asset-weighted standard deviation calculation to measure dispersion. Only portfolios that have been managed for an entire period have been included in the dispersion calculation for the respective period.

Performance Results: Past performance is no guarantee of future outcome. Results reported reflect the deduction of trading expenses and in some cases custodial fees and other expenses. Results are calculated using a time-weighted total-rate-of-return method and are expressed in U.S. dollars. Results 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. Although Towle & Co. makes no attempt to manage against the composition of a specific benchmark, the Firm provides the Russell 2000 Value Index as a readily accessible indicator of comparative performance. Compared to the Russell 2000 Value Index, Towle & Co. invests in companies with lower multiples to book value, sales, earnings, and cash flow. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Fees: Gross performance results do not reflect the deduction of investment advisory fees, which would reduce an investor's actual return. The Firm's investment advisory fee for separate accounts is 1% of assets per annum.