

Fiduciary Management, Inc.

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Quarterly Review – March 31, 2012

FMI Large Cap Equity

Investment Philosophy:

Purchase durable business franchises that are selling at a discount to their intrinsic value.

Investment Process:

We utilize a business owner's approach to investing, thoroughly investigating the economics of the business and the quality of the management team. Some of the characteristics of good businesses include strong recurring revenue and attractive returns-on-invested capital (ROIC). We have a strong orientation to low absolute or relative valuation, which are key to the execution of our investment strategy. A new idea will come from a variety of sources including company visits, screens, conferences, trade periodicals and general reading. All members of the research team are responsible for fundamental research.

Once an investment opportunity is identified it is put through our iterative process, which typically includes management interviews and site visits. When an acceptable level of conviction is achieved, the appropriate weighting (considering liquidity, valuation, etc.) is discussed and determined. A new company purchased in the portfolio will have an initial position size of 2-5%. The portfolio consists of 20-30 companies and is well diversified across sectors.

We are long-term investors, typical holding period for our companies is one to four years, and portfolio turnover averages 20-40% per annum.

Portfolio Management Committee (PMC)

Research Team:

Jonathan T. Bloom	Yes
John S. Brandser	
Patrick J. English, CFA	Yes
Matthew J. Goetzinger, CFA	Yes
Robert M. Helf, CFA	Yes
Ted D. Kellner, CFA	
Karl T. Poehls, CFA	Yes
Andy P. Ramer, CFA	Yes
Daniel G. Sievers	Yes

Please note disclosure footnote on reverse side.

Performance	1 Yr	3 Yr	5 Yr	10 Yr	Since Incep.
Large Cap (Gross)	8.49%	22.37%	4.93%	8.28%	9.66%
S&P 500	8.54%	23.42%	2.02%	4.13%	2.52%

Inception: December 31, 2000

Performance is preliminary and subject to reconciliation.

Top 10 - Portfolio Holdings:

3M Company	5.1%
Sysco Corp.	4.4%
Wal-Mart Stores Inc.	4.4%
United Parcel Service – Class B	4.3%
Berkshire Hathaway – Class B	4.3%
Bank of NY Mellon Corp.	4.1%
Staples Inc.	4.1%
Accenture.....	4.0%
Devon Energy Corp	3.9%
Nestle SA.....	3.8%

Portfolio Characteristics:

P/E Ratio (trailing one year)	15.5x
FY1 P/E Ratio (forward 4 quarters)	13.4x
P/S Ratio.....	1.6x
P/B Ratio.....	3.6x
EV/EBITA Ratio	8.7x
Number of holdings.....	29

Recent Purchase:

Illinois Tool Works (Ticker: ITW): (Added in December 2011)

Illinois Tool Works Inc. is a broadly diversified manufacturer with more than 800 operating units. Approximately two-thirds of revenue can be considered recurring in nature. ITW's sales tend to be more correlated with overall industrial activity as opposed to the more volatile capital goods spending cycle. The company's executive compensation program includes a direct link to ROIC and management appears to be intensely-focused on generating positive economic value for shareholders. Recent concerns about a double-dip recession in Europe and ITW's sizable exposure to the region have weighed on the stock's performance. Over the past decade, ITW's operating margin has averaged 15.4%. It is expected to be 15.3% in 2011. This compares to a current EV/Sales multiple of 1.7x and the 10-year average of 2.0x. Since 2001, the company's earnings and book value per share have grown at compounded annual rates of 11% and 8%, respectively. Further, the dividend yield is 2.5%. At today's price, we are able to invest in a highly diversified global industrial franchise, with leading returns on capital, and at a valuation that is near decade lows. We initiated a 3% position in the company in December 2011.

Recent Sale:

McGraw Hill (Ticker: MHP): (Sold in November 2011)

After a 3.5 year holding period, McGraw Hill became a source of funds in October 2011 at approximately \$43. The shares had been a solid-outperformer in 2011 (+27% price return vs. +2% for the S&P 500) and over our holding period MHP has outperformed the market. While we believe there could be \$50-55 worth of value based on a sum-of-the parts analysis at McGraw-Hill, the recent decision to only spin-off McGraw-Hill Education was disappointing. Management decided to leave the Financial Services business under the Standard & Poor's ratings business, which suggests to us this value will not be realized. As MHP prepares to spin-off Education, the market will have to consider the most recent results, and the K-12 education business has a short-selling season, so it is unlikely that next year's spending on education will increase compared to last year. Lastly, there continues to be significant regulatory and litigation risk associated with S&P Ratings. While there have been positive decisions and judgments on pending/previous litigation in regards to S&P Ratings, we have concerns about regulatory changes perhaps still to come by the SEC and Congress.

Fiduciary Management Inc.
Large Cap Equity Composite
12/31/2000 - 12/31/2011

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2001	20.47	19.70	-11.89	1	0.00	n/a	n/a	\$ 3.6	\$ 1,458.2	0.25%
2002	-13.33	-14.11	-22.10	8	0.17	n/a	n/a	\$ 14.0	\$ 1,731.0	0.81%
2003	34.29	33.15	28.68	4	0.86	n/a	n/a	\$ 20.8	\$ 2,927.0	0.71%
2004	19.32	18.46	10.88	10	0.46	n/a	n/a	\$ 48.9	\$ 3,085.8	1.58%
2005	10.22	9.57	4.91	28	0.29	n/a	n/a	\$ 192.2	\$ 3,174.4	6.05%
2006	17.91	17.15	15.79	49	0.30	n/a	n/a	\$ 491.0	\$ 3,589.4	13.68%
2007	5.05	4.34	5.49	86	0.48	n/a	n/a	\$ 1,000.2	\$ 3,960.4	25.26%
2008	-26.38	-26.91	-37.00	130	0.63	n/a	n/a	\$ 1,969.3	\$ 4,062.5	48.48%
2009	30.92	30.09	26.46	252	1.22	n/a	n/a	\$ 3,820.3	\$ 7,008.9	54.51%
2010	12.52	11.81	15.06	394	0.31	n/a	n/a	\$ 5,923.2	\$ 9,816.0	60.34%
2011	2.35	1.74	2.11	509	0.37	18.34%	18.70%	\$ 8,434.8	\$ 12,273.6	68.72%

*Benchmark: S&P 500 Index®

Effective January 2012, 2004 – 2011 gross and net composite returns were restated due to an error.

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Inc. (FMI) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. FMI has been independently verified for the periods 12/31/1993 - 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 Large Cap Equity composite has been examined for the periods 12/31/2000 - 12/31/2011. The verification and performance examination reports are available upon request.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$12.2 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The FMI Large Cap Equity Composite was created in December 2000. These accounts primarily invest in medium to large capitalization US equities.

The FMI Large Cap Equity Composite reflects time-weighted and asset-weighted returns for all discretionary accounts. From December 31, 2000 thru September 30, 2002 all accounts included were managed for at least one quarter, from October 1, 2002 to present all accounts were managed for at least one month. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the standard deviation of all accounts in the composite for the entire period. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®.

Currently, the advisory fee structure for the FMI Large Cap Equity Composite portfolios is as follows:

Up to \$25,000,000	0.65%
\$25,000,001-\$50,000,000	0.55%
\$50,000,001-\$100,000,000	0.45%
\$100,000,001 and above	0.40%

The firm generally requires a minimum of \$3 million in assets to establish a discretionary account. High Net Worth individuals may establish an account with a minimum of \$1,000,000, however, the firm reserves the right to charge a minimum dollar fee for High Net Worth individuals depending on the client servicing involved. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The S&P 500 Index® is widely regarded as the best single gauge of the U.S. equities market. This index includes 500 leading companies in leading industries of the U.S. economy. Although the S&P 500® focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. The Large Cap Equity composite uses the S&P 500 Index® as its primary index comparison.