

# Hillman Capital Management

## Focused Advantage Portfolios

Q2

June 30<sup>th</sup>, 2010

### Focus

At Hillman Capital Management (HCM) we have built our reputation on a simple mission: make money for clients by investing in companies that we believe have sustainable competitive advantage. HCM prides itself on its disciplined investment approach that includes a unique blend of quantitative and qualitative factors used in making investment decisions.

in their industries or niche markets. While other Firms may follow trends, HCM's portfolio managers follow a discipline that calls for investment in industry leaders when we believe their stocks are undervalued using established quantitative measures.

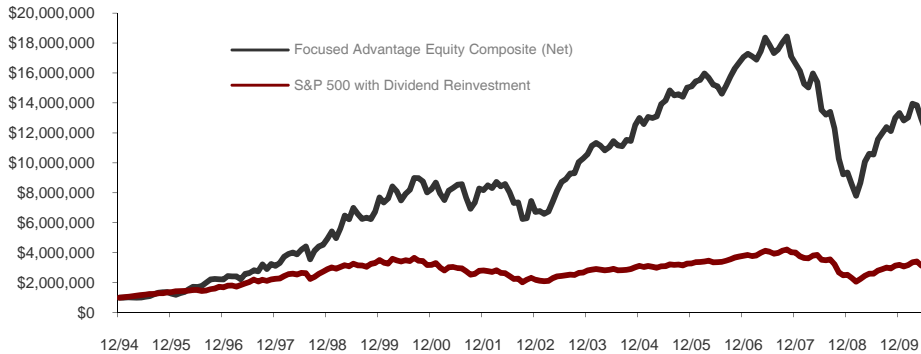
### Investment Strategy

At Hillman Capital Management, Inc., we have engineered a discipline through which we seek to invest in strong companies when we believe their stocks are undervalued. The strength of this discipline is derived from our independent research focusing on companies believed to have a sustainable competitive advantage and investing in these companies only when they are trading at a discount to our calculated intrinsic value. Continued adherence to our principles have supported our results.

### Investment Philosophy

HCM endeavors to outperform the capital markets over various economic cycles and generate positive returns for its clients. The Firm prefers equities over other asset classes for long term results. In selecting equities for client portfolios, HCM invests in enterprises that we believe have a competitive advantage

### Investment Return\*

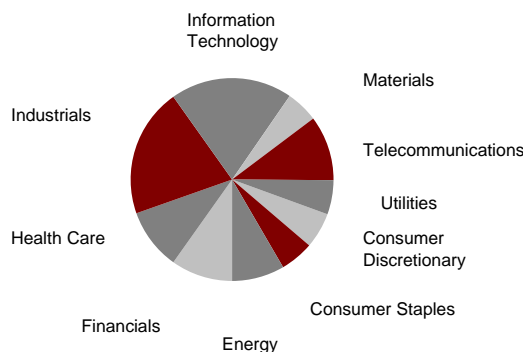


Focused Advantage Equity	YTD	Q2	1 Year	3 Year	5 Year	10 Year
Gross*	-8.36	-12.55	15.86	-11.50	-2.30	5.15
Net*	-8.60	-12.68	15.30	-12.01	-2.98	4.38
S&P 500 TR Index	-6.65	-11.43	14.43	-9.81	-0.79	-1.59

### Equity Characteristics

Top Ten Holdings	6/30/2010
Starbucks	5.58%
Ingersoll Rand	5.36%
American Electric Power	5.33%
AT&T	5.23%
Sysco	5.22%
Goodrich	5.10%
Boeing	5.05%
Hewlett Packard	5.01%
Du Pont	5.00%
Western Union	4.97%

### Sector Weightings



### Portfolio Manager

Mark Hillman, President & Chief Investment Officer, is the architect of the firm's proprietary investment process. Mr. Hillman founded HCM in 1998 and has more than 20 years of experience in investment management and research.



### Portfolio Statistics

Target Number of Holdings	20
Holdings Based Beta	1.09
Dividend Yield	2.59
Price/Book	4.16
Price/Cash Flow	8.69
Price to Earnings (12m Trailing)	13.54
Price to Earnings (12m Forward)	11.37
Weighted Average Market Cap (\$mm)	73094
Projected LT Earnings Growth Rate	9.49
Pre-Tax Return on Assets	9.70
Debt to Capital	0.42

For information regarding the Hillman Capital Portfolios, please contact:

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\*Past performance is not indicative of future results. Information shown is supplemental only. Please see attached disclosures.

## Disclosure Statements

### FOCUSED ADVANTAGE EQUITY COMPOSITE

Past performance is not indicative of future results. This material is not financial advice or an offer to sell any product. The portfolio characteristics shown relate to the Hillman Focused Advantage Equity Composite. Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Hillman Capital Management, Inc. reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Hillman Capital Management, Inc. is a registered investment advisor. More information about the advisor including its investment strategies and objectives can be obtained by visiting [www.hillmancapital.com](http://www.hillmancapital.com). The firm maintains a complete list and description of composites, which is available upon request.

The investment objective of the Focused Advantage Equity Composite (the "Composite") is long-term capital appreciation. The Composite contains fully discretionary focused advantage equity accounts (11 client portfolios) and for comparison purposes is measured against the S&P 500 Index with dividends. These accounts totaled approximately \$231 million and represented approximately 54% of the firm's total assets as of 06/30/2010. The volatility (beta) of the Composite may be greater or less than its respective benchmark. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Leverage is not used in these composites. Non-fee-paying accounts are not included in these composites. The U.S. dollar is the currency used to express performance. The S&P 500 Total Return Index is the Standard & Poor's Composite Index of 500 stocks and is a widely recognized, unmanaged index of common stock prices. It is not possible to invest in this index.

Hillman Capital Management, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The Focused Advantage Equity Composite was created April 1, 1998. Performance presented prior to April 1, 1998 occurred while the Portfolio Manager was affiliated with a prior firm and the Portfolio Manager was the only individual responsible for selecting the securities to buy and sell. The name of the Composite prior to March 31, 2005 was the Aggressive Equity Composite.

Hillman Capital Management, Inc.'s compliance with the GIPS standards has been verified for the period April 1, 1998 through September 30, 2009 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Focused Advantage Equity Composite beginning April 1, 1998. A copy of the verification report is available upon request.

\*\* Returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. For example, a 3% annual fee deducted quarterly (.75%) from an account with a ten year annualized growth rate of 14% will produce a net result of 10.8%. Actual performance results will vary from this example. Net returns will be reduced by additional fees (outside of investment advisory fees) that may be incurred in the management of the account. Net of fee performance was calculated using actual management fees.

The fee schedule for Hillman's investment advisory services is 1.00% for the first \$5 million, 0.85% for the next \$15 million, 0.75% for the next \$50 million, and 0.50% thereafter. Actual investment advisory fees incurred by clients may vary. A complete description of Hillman's fee schedule can be found under Part II of its FORM-ADV at [www.hillmancapital.com](http://www.hillmancapital.com). Additional information regarding policies for calculating and reporting returns is available upon request. HCM-10-112

Year End	Total Firm	Composite Assets		Annual Performance Results			
	Assets (thousands)	USD (thousands)	Number of Accounts	Composite Gross	Composite Net	S & P 500	Composite Dispersion
2009	522,007	281,017	11	43.11%	42.45%	26.46%	2.2%
2008	327,854	124,796	15	-43.39%	-43.75%	-37.00%	1.2%
2007	1,286,200	647,841	41	-1.79%	-2.58%	5.49%	0.4%
2006	687,451	141,108	28	13.99%	13.05%	15.80%	0.4%
2005	374,186	110,538	22	17.31%	16.20%	4.91%	1.6%
2004	126,805	23,216	Five or fewer	23.85%	22.92%	10.88%	N.A.
2003	53,448	11,020	Five or fewer	58.16%	57.19%	28.68%	N.A.
2002	33,665	6,643	6	-17.14%	-17.72%	-22.06%	N.A.
2001	33,233	8,283	8	0.05%	-0.79%	-11.93%	N.A.
2000	19,290	3,629	20	8.30%	7.22%	-9.10%	5.5%

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Performance does not guarantee future results. Current performance may be higher or lower than performance data quoted. Please refer to the disclosure section.