



UNCOMMON FORESIGHT.

HCM

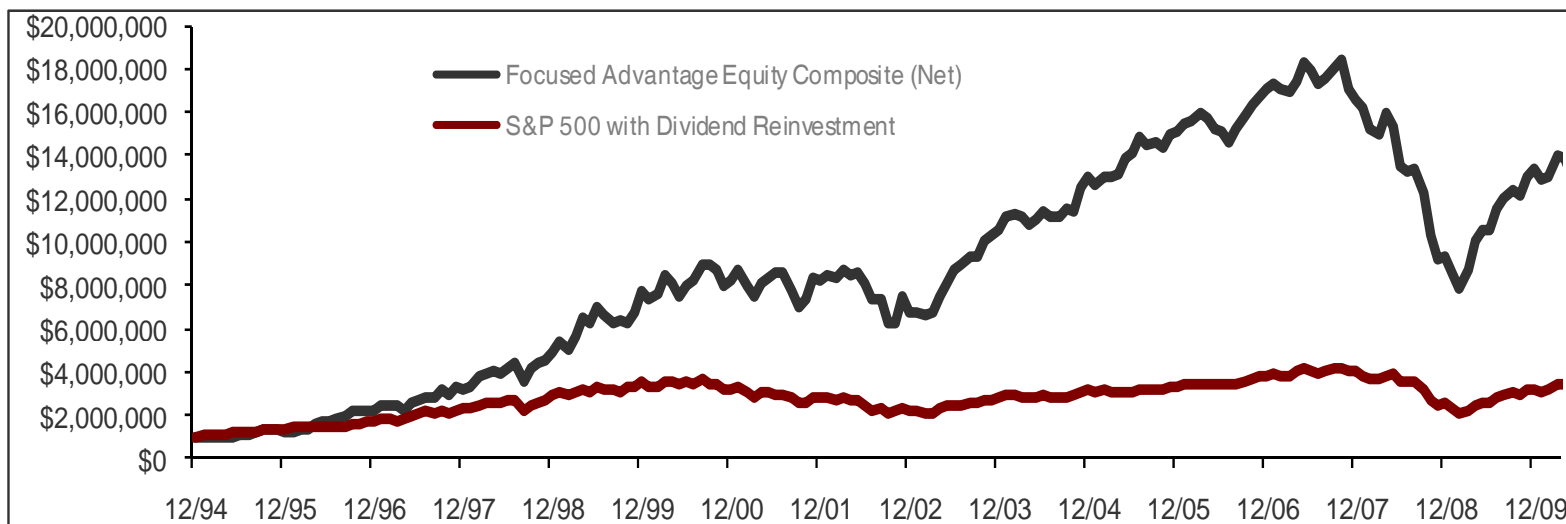
PORTFOLIO MANAGEMENT & INVESTMENT ADVISERS

Focused Advantage Equity Portfolios
Q2 2010

A Proven Approach

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.

The graph to the right depicts the growth of \$1,000,000 invested in the Focused Advantage Equity Composite (Net of Fees) at the start of January, 1995 versus the same \$1,000,000 invested in the S&P 500 with dividend reinvestment.



Investment Team

Mark A. Hillman, President and Chief Investment Officer, founded HCM in 1998, bringing into the firm assets of predecessor companies he established in the early 1990s. His first investment advisory company, Custom Asset Management, merged with Menocal Capital Management in 1993 and he became Chief Investment Officer of the combined firms. Prior to founding his first firm, he was a financial consultant with Shearson Lehman Hutton. A graduate of Tufts University, he has done graduate coursework at Harvard University Extension School. An expert sailboat racer, he has competed successfully in National and World Championships over three decades.

As the architect of the firm's proprietary investment process and Chief Investment Officer at HCM, Mark Hillman continues to lead the investment process. Since 1994, his investment results have spoken for themselves and have been recognized by investors and media alike. He has appeared in Fortune Magazine, The New York Times, MSN Money, USA Today, Bloomberg News, Dow Jones Marketwatch, The Baltimore Sun, The San Francisco Chronicle, Bloomberg Television, Kiplinger's and Forbes.com.

Fletcher D. Perkins, CFA, Analyst, focuses on qualitative assessments of U.S. companies and reports his insights directly to the Investment Committee. His ability to identify corporate candidates for investment has been pivotal in supporting HCM's success. He has appeared on Bloomberg Television and Dow Jones Market Watch. A graduate of Saint Mary's College of Maryland, he has served as a tactician for many competitive sailboat racing teams. He is a member of the CFA Institute and the Washington Society of Securities Analysts.

Robert David, MBA, Analyst, offers analytic and intuitive skills honed over a long career both in financial services and the media. He has been producer of a TV morning show, president of his own media firm and also worked as an equity research assistant for Legg Mason Wood Walker. A graduate of Hofstra University with a BS in Communications, he also holds an MBA from Loyola College of Baltimore.

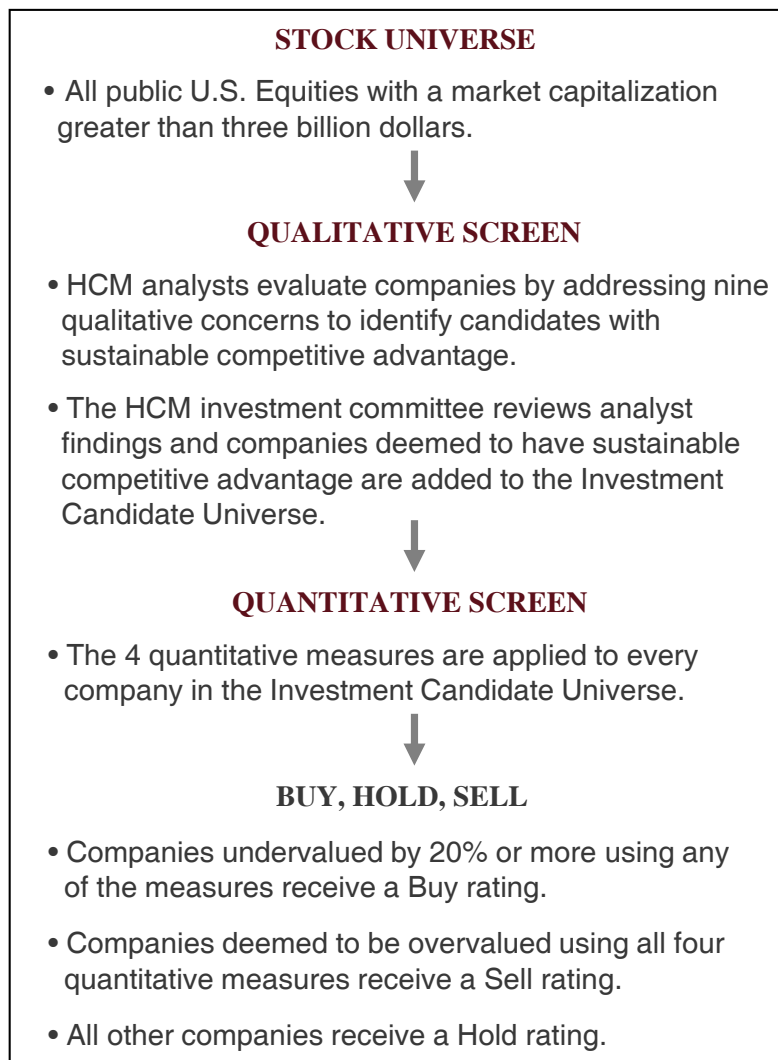
Trevor Lee, MBA, Analyst, evaluates companies from the unique perspective of his solid background in marketing and product development for Fortune 500 companies, including Procter and Gamble, Kraft, and Sara Lee. He was the recipient of Distinguished Lecturer in Business Policy from the University of Florida MBA Program and served on the Steering Committee of a National MBA Association (Philadelphia chapter). Trevor is a graduate of Tufts University and earned his MBA at The Wharton School of the University of Pennsylvania.

Investment Philosophy

1. We believe that companies with sustainable competitive advantage will outperform the broad market over time.
2. We believe that market volatility can be exploited to purchase companies at a discount to their intrinsic value.
3. We believe that consistent adherence to a discipline based on fundamental valuation techniques will produce results.



The Screening Process



QUALITATIVE CONCERNS

1. Is the company an industry leader or does it dominate a certain niche market?
2. Has management been prudent and proactive over various economic cycles?
3. Does the company have pricing power with customers?
4. Does the company have purchasing power with suppliers?
5. Do barriers to entry exist for prospective competitors?
6. Does the company have a strong brand/franchise with brand loyalty?
7. Does the company deliver excellent products or services?
8. Does the company provide outstanding customer service?
9. Does the company have enough financial flexibility to weather short term problems, an economic downturn or increased competitive pressures?

QUANTITATIVE MEASURES

1. PEGY Model
2. Discounted Cash Flow Model
3. Price to Book Model
4. Price to Sales Model

Portfolio Characteristics

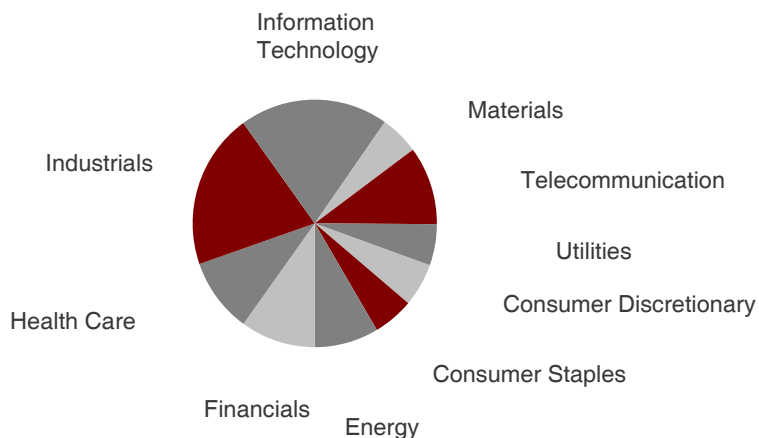
PORTFOLIO CONSTRUCTION

The 20 securities in our Focused Advantage Equity model are purchased in equal proportion, with each stock representing approximately 5.0% of total portfolio value, subject to the following limitation: No industry may represent more than 25% of the total portfolio at the time of purchase.

SELL DISCIPLINE

- Sell all shares if a portfolio holding fails the qualitative screen.
- Sell all shares if the price of a security exceeds fair value.
- Re-balance each holding to its target weight:
 - Buy if position < 2.5% of total market value.**
 - Sell if position > 10.0% of total market value.**

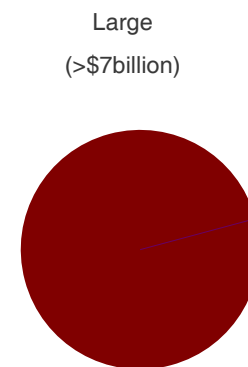
SECTOR WEIGHTINGS 6/30/2010



TOP 10 HOLDINGS 6/30/2010

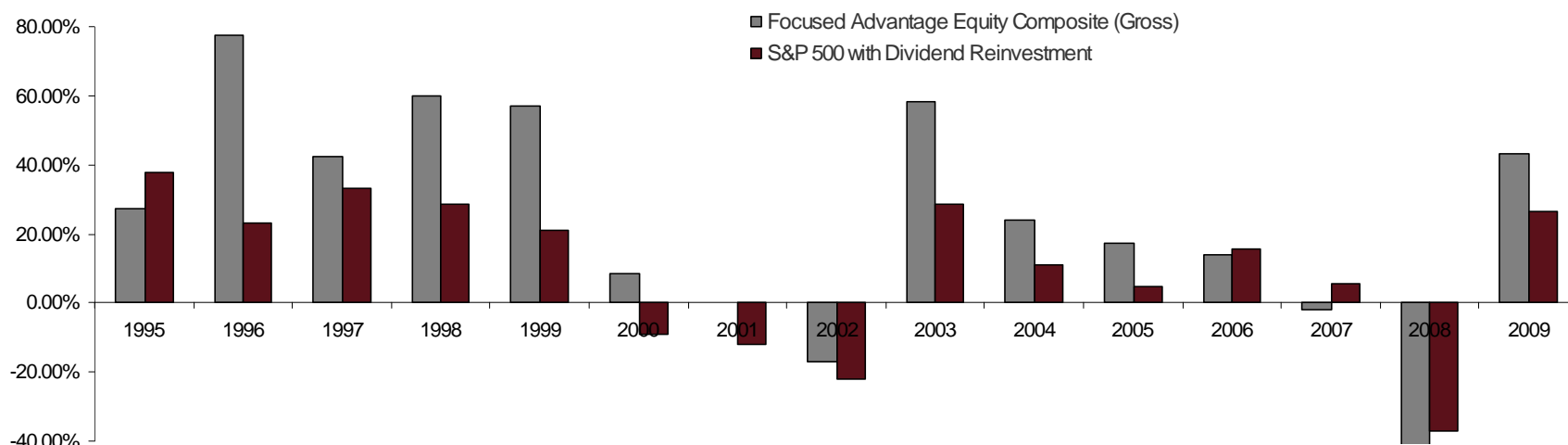
1. Starbucks
2. Ingersoll Rand
3. American Electric Power
4. AT&T
5. Sysco
6. Goodrich
7. Boeing
8. Hewlett Packard
9. DuPont
10. Western Union

MARKET CAP WEIGHTINGS 6/30/2010



Composite Returns – Gross of Fees

YEARLY PERFORMANCE – FOCUSED ADVANTAGE EQUITY COMPOSITE



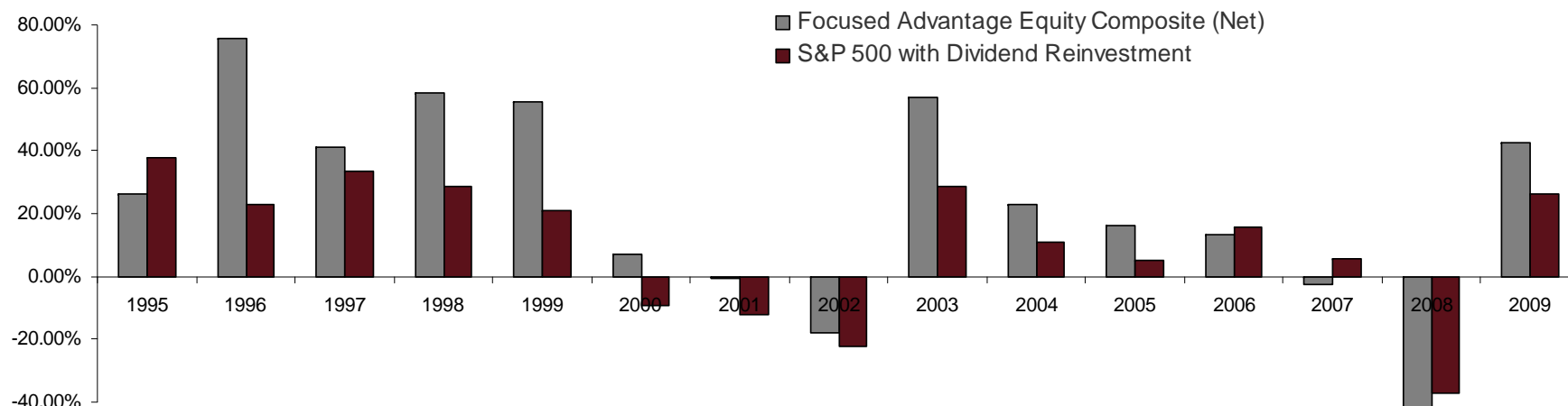
ANNUALIZED PERFORMANCE THROUGH JUNE 30TH, 2010.

	One Year		Three Years		Five Years		Ten Years	
	HILLMAN *	S&P 500 *	HILLMAN *	S&P 500 *	HILLMAN *	S&P 500 *	HILLMAN *	S&P 500 *
Focused Advantage Equity	15.86%	14.43%	-11.50%	-9.81%	-2.30%	-0.79%	5.15%	-1.59%
Advantage Equity	17.30%	14.43%	-7.88%	-9.81%	0.05%	-0.79%	4.13%	-1.59%

*Includes dividends.

Composite Returns – Net of Fees

YEARLY PERFORMANCE – FOCUSED ADVANTAGE EQUITY COMPOSITE



ANNUALIZED PERFORMANCE THROUGH JUNE 30TH, 2010.

	One Year		Three Years		Five Years		Ten Years	
	HILLMAN *	S&P 500 *	HILLMAN *	S&P 500 *	HILLMAN *	S&P 500 *	HILLMAN *	S&P 500 *
Focused Advantage Equity	15.30%	14.43%	-12.01%	-9.81%	-2.98%	-0.79%	4.38%	-1.59%
Advantage Equity	16.85%	14.43%	-8.20%	-9.81%	-0.33%	-0.79%	3.51%	-1.59%

*Includes dividends.

About Hillman Capital Management, Inc.

Hillman Capital Management, Inc. (“HCM”) was founded by Mark A. Hillman in the Spring of 1998. The Firm offers portfolio management services to an international client base of foundations, endowments, corporations, pension plans, and private investors. HCM’s principals pride themselves in providing exceptional service to institutional investors, consultants, and private clients. HCM offers individually managed accounts with a minimum account size of two million dollars. The Firm is the Investment Adviser to the Hillman Capital Management Funds, a family of registered mutual funds available to the general public.

HCM employs a unique portfolio management style through which it 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 only in enterprises that we believe have a competitive advantage 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.

CONTACT US

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Disclosure Statements

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. 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. Additional information regarding policies for calculating and reporting returns is available upon request. HCM-10-97

FOCUSED ADVANTAGE EQUITY COMPOSITE

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.

Disclosure Statements cont.

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The investment objective of the Advantage Equity Composite (the "Composite") is long-term capital appreciation. The Composite contains fully discretionary advantage equity accounts (11 client portfolios) and for comparison purposes is measured against the S&P 500 Index with dividends. These accounts totaled \$79 million and represented approximately 19% 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.

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ADVANTAGE EQUITY COMPOSITE

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2007	1,286,200	61,202	7	1.57%	1.24%	5.49%	0.2%
2006	687,451	87,295	8	15.92%	15.43%	15.80%	0.4%
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2004	126,805	33,345	7	15.64%	14.83%	10.88%	N.A.
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2002	33,665	4,304	Five or fewer	-12.89%	-13.62%	-22.06%	N.A.
2001	33,233	4,784	Five or fewer	0.40%	-0.55%	-11.93%	N.A.
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