



UNCOMMON FORESIGHT.

HCM

PORTFOLIO MANAGEMENT & INVESTMENT ADVISERS

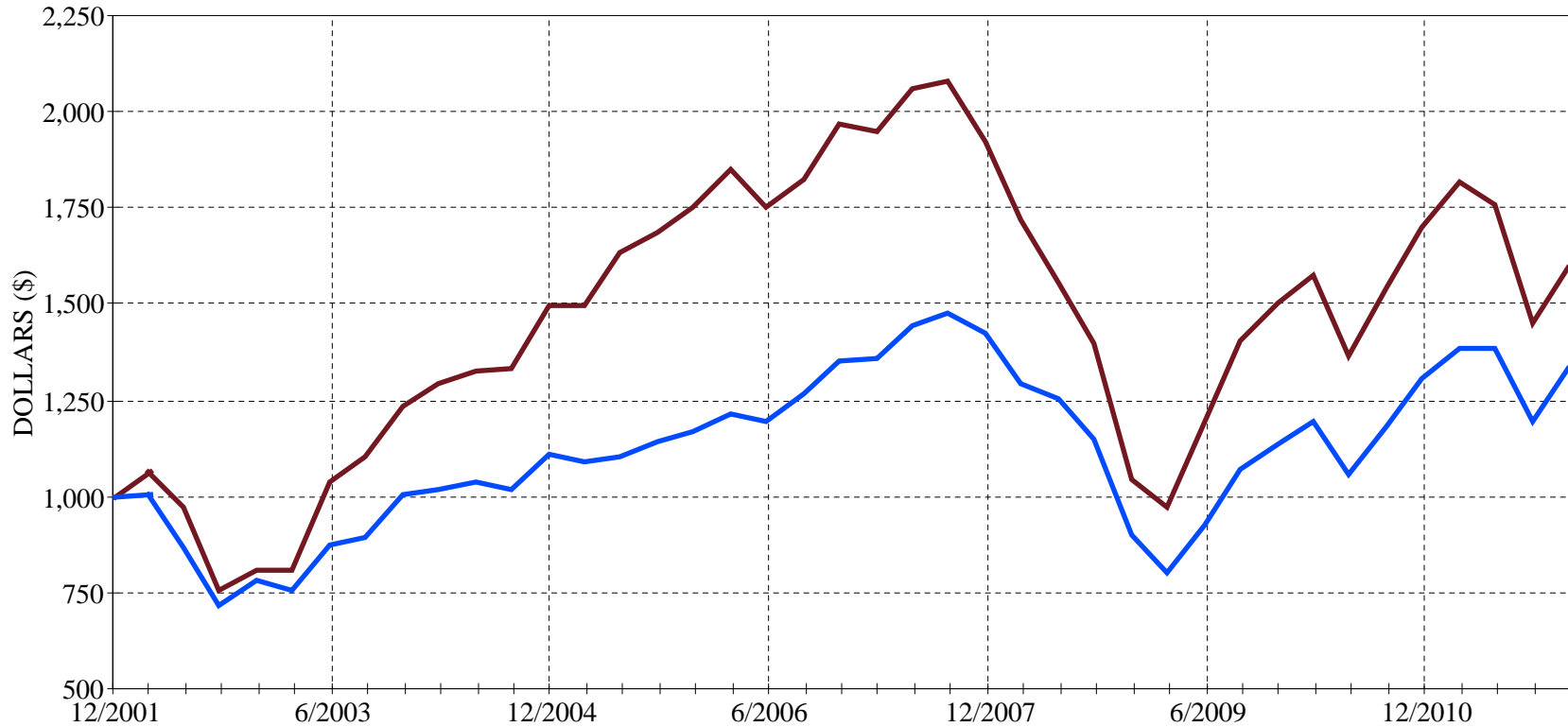
## Historical Performance Presentation

### Focused Advantage Equity Wrap Portfolios

Q4 2011



**FOCUSED ADVANTAGE EQUITY WRAP NET**  
**GROWTH OF AN INVESTMENT**  
**DECEMBER 31, 2001 TO DECEMBER 31, 2011**



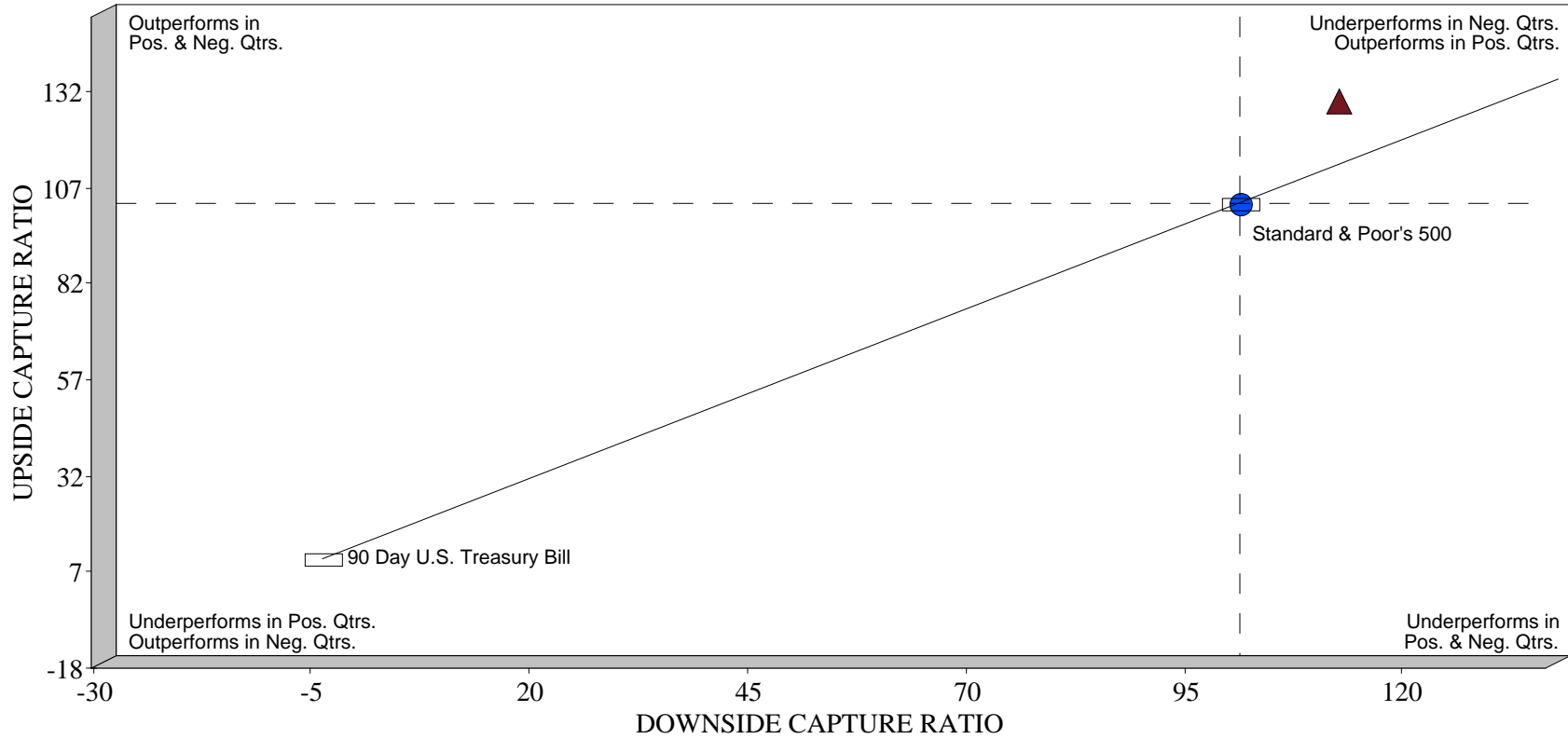
	9/2011-12/2011	12/2010-12/2011	12/2009-12/2011	12/2008-12/2011	12/2006-12/2011	12/2001-12/2011
Hillman Capital Focused Wrap NET	1,098	937	1,062	1,527	809	1,594
Standard & Poor's 500	1,118	1,021	1,175	1,486	988	1,334

THE ABOVE GRAPH DEPICTS THE GROWTH OF \$1,000 INVESTED IN THE COMPOSITE OVER A TEN YEAR PERIOD VERSUS \$1,000 INVESTED IN THE S&P 500 OVER THE SAME PERIOD. SEE PAGE 7 FOR DISCLOSURE STATEMENTS. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

SOURCE: DATA SUPPLIED BY EFFRON ENTERPRISES, INC. AN INFORMATION FINANCIAL COMPANY.



**MARKET CAPTURE**  
**FOCUSED ADVANTAGE EQUITY WRAP NET**  
**DECEMBER 31, 2001 TO DECEMBER 31, 2011**



	Up Mkt Capt Retrn	Up Cap Ratio	Dnside Cap Return	Dnside Cap Ratio	R-Squared
▲ Hillman Capital Focused Wrap NET	35.08	126.45	-34.64	111.38	0.90
● Standard & Poor's 500	27.74	100.00	-31.10	100.00	1.00

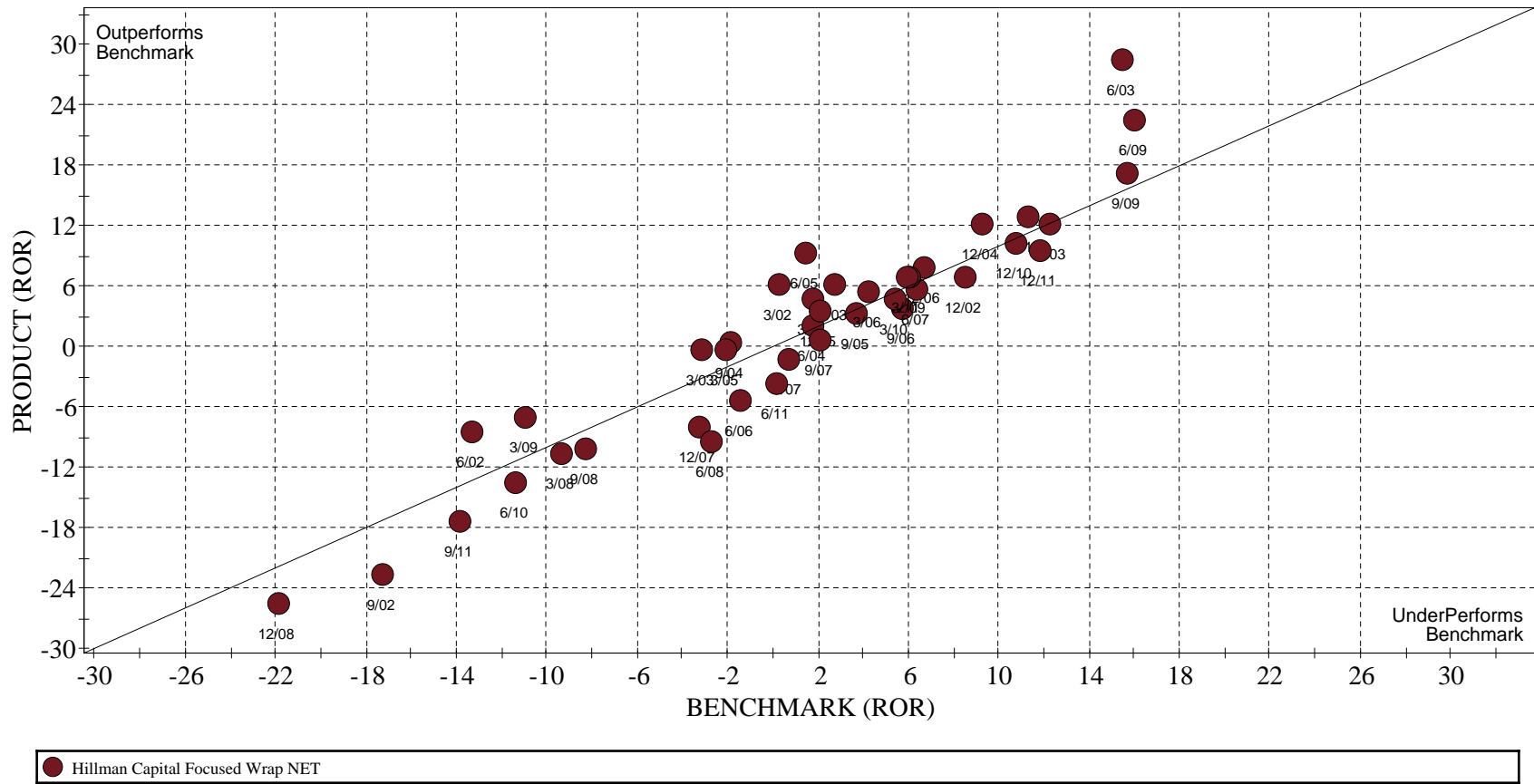
RISK BENCHMARK USED FOR THIS ANALYSIS: STANDARD & POOR'S 500

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FOCUSED ADVANTAGE EQUITY WRAP NET  
VALUE ADDED  
DECEMBER 31, 2001 TO DECEMBER 31, 2011



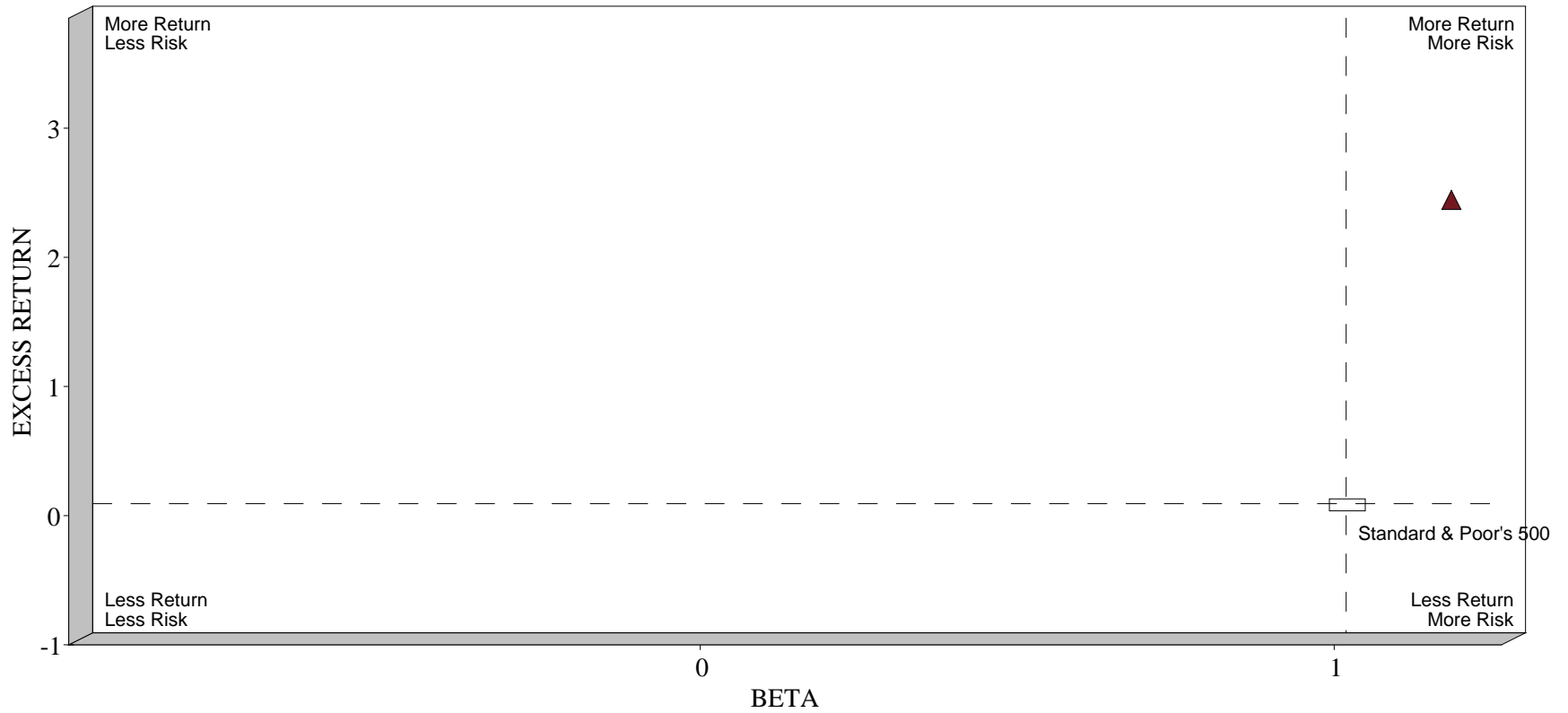
RISK BENCHMARK USED FOR THIS ANALYSIS: STANDARD & POOR'S 500

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**FOCUSED ADVANTAGE EQUITY WRAP NET**  
**MARKET RISK REWARD**  
 DECEMBER 31, 2001 TO DECEMBER 31, 2011



	Excess Return	Tracking Error Pop	Info Ratio Pop	Alpha	R-Squared
▲ Hillman Capital Focused Wrap NET	2.36	7.62	0.24	2.18	0.90

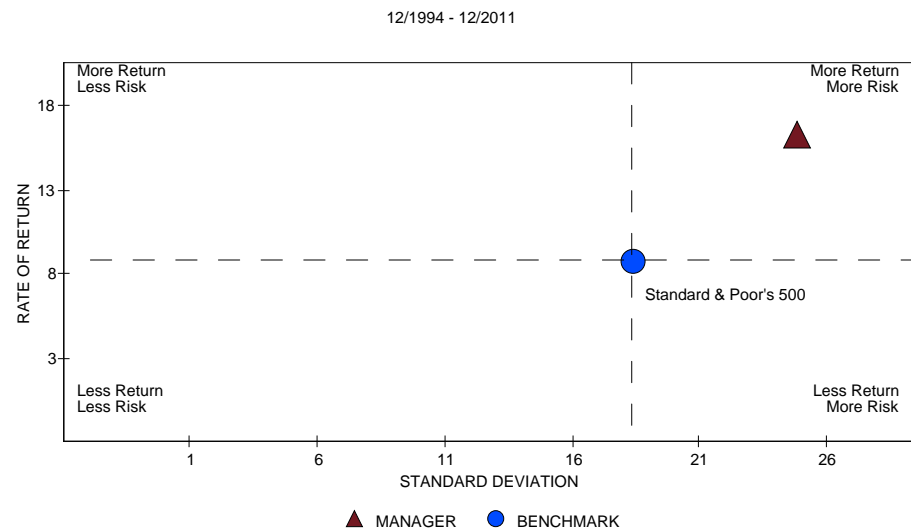
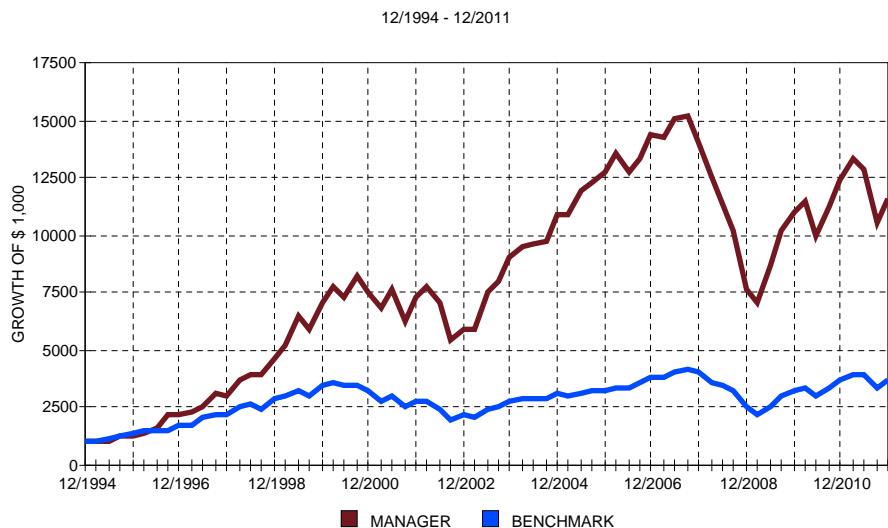
RISK BENCHMARK USED FOR THIS ANALYSIS: STANDARD & POOR'S 500

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## FOCUSED ADVANTAGE EQUITY WRAP NET PERFORMANCE VS BENCHMARK DECEMBER 31, 1994 TO DECEMBER 31, 2011



PERIOD	RATE OF RETURN			GROWTH OF \$ 1,000		
	MANAGER	BENCHMARK	EXCESS	MANAGER	BENCHMARK	PREMIUM
1 Yr	-6.28	2.11	-8.39	\$ 937	\$ 1,021	-\$ 84
2 Yrs	3.05	8.39	-5.34	\$ 1,062	\$ 1,175	-\$ 113
3 Yrs	15.14	14.11	1.03	\$ 1,527	\$ 1,486	\$ 41
4 Yrs	-4.54	-1.64	-2.90	\$ 831	\$ 936	-\$ 106
5 Yrs	-4.15	-0.25	-3.90	\$ 809	\$ 988	-\$ 179
6 Yrs	-1.58	2.26	-3.84	\$ 909	\$ 1,144	-\$ 235
7 Yrs	0.90	2.64	-1.74	\$ 1,065	\$ 1,200	-\$ 135
8 Yrs	3.22	3.63	-0.41	\$ 1,289	\$ 1,330	-\$ 41
9 Yrs	7.85	6.16	1.70	\$ 1,975	\$ 1,712	\$ 263
10 Yrs	4.77	2.92	1.85	\$ 1,594	\$ 1,334	\$ 260
Inception	15.53	8.09	7.44	\$ 11,632	\$ 3,750	\$ 7,882

MANAGER: Hillman Capital Focused Wrap NET  
BENCHMARK: Standard & Poor's 500  
SINCE INCEPTION: 12/1994

	MRQ	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Incept
MANAGER	9.78	-6.28	13.31	43.74	-45.59	-2.59	12.36	17.11	21.07	53.21	-19.27	15.53
BENCHMARK	11.82	2.11	15.06	26.46	-37.00	5.49	15.79	4.91	10.88	28.68	-22.10	8.09
EXCESS	-2.04	-8.39	-1.75	17.28	-8.59	-8.08	-3.44	12.19	10.19	24.52	2.83	7.44
90 TBILL	0.00	0.06	0.14	0.15	1.27	4.42	4.88	3.30	1.44	1.01	1.59	3.10

PERIOD	ROR	STDEV	ALPHA	BETA	RSQR	TRCKERR	SHARPE	INFORATIO
3 Yrs	15.14	23.37	-0.22	1.12	0.95	5.90	0.64	0.17
4 Yrs	-4.54	26.47	-2.10	1.14	0.96	6.37	-0.19	-0.45
5 Yrs	-4.15	24.08	-3.25	1.14	0.95	5.97	-0.22	-0.65
6 Yrs	-1.58	22.50	-3.42	1.15	0.95	5.73	-0.15	-0.67
7 Yrs	0.90	21.16	-1.36	1.15	0.93	6.33	-0.05	-0.27
8 Yrs	3.22	20.23	-0.23	1.15	0.92	6.20	0.06	-0.07
9 Yrs	7.85	21.40	1.32	1.20	0.91	7.40	0.28	0.23
10 Yrs	4.77	22.10	2.18	1.17	0.90	7.62	0.13	0.24
Inception	15.53	24.32	7.54	1.13	0.68	13.87	0.51	0.54

### MARKET RISK REWARD

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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 Wrap 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 Wrap Composite (the "Composite") is long-term capital appreciation. The Composite contains fully discretionary focused advantage equity wrap accounts (173 client portfolios) and for comparison purposes is measured against the S&P 500 Index with dividends. These accounts totaled \$34 million and represented approximately 21% of the firm's total assets as of 12/31/2011. 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.

Prior to October 1, 2003, the Composite consisted entirely of non wrap-fee portfolios and gross returns were reduced by transaction costs. In addition, prior to October 1, 2003, net returns were reduced by the highest applicable wrap fee of 2.60%. Beginning October 1, 2003, wrap fee accounts make up 100% of the Composite. These accounts pay an all-inclusive wrap fee based on a percentage of assets under management. Other than brokerage commissions this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor.

Hillman Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance the GIPS standards. Hillman Capital Management, Inc. has been independently verified by Ashland Partners & Company LLP for the periods April 1, 1998 through June 30, 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 Focused Advantage Equity Wrap Composite has been examined for the periods April 1, 1998 through June 30, 2011. The verification and performance examination reports are available upon request.

The Focused Advantage Equity Wrap Composite was created September 30, 2003. 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 Wrap Composite.

\*\* Beginning October 1, 2003, returns are presented gross and net of all fees and include the reinvestment of all income. Beginning October 1, 2003, gross returns are shown as supplemental information and are stated gross of all fees and transaction costs. 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) and transaction costs 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 2 of its FORM-ADV at [www.hillmancapital.com](http://www.hillmancapital.com). Additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations is available upon request. HCM-12-07

## FOCUSED ADVANTAGE EQUITY WRAP 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
2011	158,723	34,447	173	-4.98%	-6.28%	2.11%	0.60%
2010	463,949	67,748	273	14.95%	13.31%	15.06%	0.67%
2009	519,265	125,170	577	45.87%	43.74%	26.46%	1.5%
2008	327,854	134,501	1,037	-44.75%	-45.59%	-37.00%	0.6%
2007	1,286,200	375,352	1,563	-1.18%	-2.59%	5.49%	0.6%
2006	687,451	359,753	1,107	13.97%	12.36%	15.80%	0.6%
2005	374,186	85,298	275	18.97%	17.11%	4.91%	0.7%
2004	126,805	21,180	79	23.21%	21.07%	10.88%	0.5%
2003	53,448	654	Five or fewer	56.72%	53.22%	28.68%	N.A.
2002	33,665	6,643	6	-17.14%	-19.26%	-22.06%	N.A.
2001	33,233	8,283	8	0.05%	-2.52%	-11.93%	N.A.

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

HCM also licenses model portfolios of this strategy to intermediaries which use the models to manage their client portfolios. As of 12/31/2011, there were 129 accounts totaling \$27 million utilizing the model portfolio licensed by HCM.



### Data Definitions

**SOURCE: EFFRON ENTERPRISES, INC. AN INFORMATION FINANCIAL COMPANY.**

**Alpha** - Synonym of 'value added', linearly similar to the way beta is computed, alpha is the incremental return on a manager when the market is stationary. In other words, it is the extra expected return due to non-market factors. This risk-adjusted measurement takes into account both the performance of the market as a whole and the volatility of a manager. A positive alpha indicates that a selected portfolio has produced returns above the expected level at that level of risk, and vice versa for a negative alpha.

**Down Capture Ratio** - A measure of the manager's performance in down markets relative to the market itself. A value of 90 suggests the manager's loss is only nine tenths of the market's loss. During the selected time period (for example: 3 years), the return for the market for each quarter is considered a down market quarter if it is less than zero. The returns for the managers and the market for all down quarters are calculated. The Downside Market Capture Ratio is calculated by dividing the return of the manager during the down quarters by the return of the market during the same quarters.

**Down Capture Return** – A measure of the manager's performance in down markets relative to the market itself. This is an annualized semi-variance rate of return that represents a gain or loss generated during the market down periods. The return for the market for each quarter is considered a down market quarter if it is less than zero. Using those down quarters, the returns for the manager for all down quarters are linked and annualized to get this number. Please note that just because the market performance is down does not mean that the performance of the manager is down as well.

**Excess Return** - The Excess rate of return is calculated by taking the difference between the quarterly return of a portfolio minus the quarterly return of a benchmark. The quarterly excess is then linked and annualized to get the number.

**Information Ratio** - The information ratio is an efficiency measure calculated by dividing the Excess Rate of Return by the Standard **Deviation of the Excess Rate of Return stream** (Tracking Error). Please refer to the definition of Excess Rate of Return or Tracking Error for further details. The information ratio is most useful for measuring the performance of an active manager against an appropriate benchmark and can be used as a guide to choosing active manager within a universe of similar asset/style managers.

**R-Squared** - It is used to show how much a manager's variability can be accounted for by the market. For example, if a portfolio's R-Squared is 0.79, then 79% of the manager's variability is due to market conditions. As R-Squared approaches 100, the portfolio is more closely correlated with the market.



### **Data Definitions**

**SOURCE: EFFRON ENTERPRISES, INC. AN INFORMATION FINANCIAL COMPANY**

**Standard Deviation** - Population - A measure of dispersion about an average in applied statistics. It is a good measure of the historical variability of the return earned by an investment manager. The assumption is the greater variability in the rate of return connotes greater risk undertaken in achieving the return. For example, one would prefer a portfolio that earns 5% each period to one that alternates between a return of zero in one period and 10% the next. A general rule is that, for any given rate of return, the lower the standard deviation the better; similarly, for any given standard deviation, the manager who provides the highest rate of return is best. The denominator for this calculation is N.

**Sharpe Ratio** - A return/risk measure developed by William Sharpe. It is a measurement of efficiency utilizing the relationship between annualized risk-adjusted return and standard deviation. High Sharpe Ratio measures good performance (efficiency). Therefore, a Sharpe Ratio of 1 is better than a ratio of .05. The standard deviation in this Sharpe Ratio formula is divided by N-1.

**Tracking Error** - A measurement that indicates the standard deviation of the difference between a selected market index and a manager's quarterly returns. For example, a manager selects an index as a benchmark for comparison against his/her portfolio. Each quarter generates new returns for both the manager and the selected index. The returns for the manager are then compared to the indexes to determine the amount of excess return, which produces a tracking error. A low tracking error indicates that the manager is tracking the selected index closely or has roughly the same returns as the index. The standard deviation for this calculation uses N.

**Up Capture Ratio** - A measure of the manager's performance in up markets relative to the market itself. A value of 110 suggests the manager performs ten percent better than the market when the market is up. During the selected time period (for example: 3 years), the return for the market for each quarter is considered an up market quarter if it is greater than zero. The returns for the manager and the market for all up quarters are calculated. The Upside Market Capture Ratio is calculated by dividing the return of the manager during the up market quarters by the return of the market during the same quarters.

**Up Capture Return** - A measure of the manager's performance in up markets relative to the market itself. This is an annualized semi-variance rate of return that represents a gain or loss generated during the market up periods. The return for the market for each quarter is considered an up market quarter if it is greater than zero. Using those up quarters, the returns for the manager for all up quarters are linked and annualized to get this number. Please note that just because the market performance is up does not mean that the performance of the manager is up as well.