

# VAN HULZEN ASSET MANAGEMENT

## QUARTERLY REVIEW

### First Quarter 2010

#### 2009 Was A Power Hitter's Market...But Today's Environment Calls For Singles & Doubles

2009 was a power hitter's market. Fortunately, there were very few curve balls and investors who swung at every pitch did extremely well. The riskier the approach, the higher the return! But does anyone remember 2008? The power hitter not only struck out but was thoroughly embarrassed. In fact, even after 2009's strong rebound, the market's overall batting average is still very low (down 19.3% since the peak).

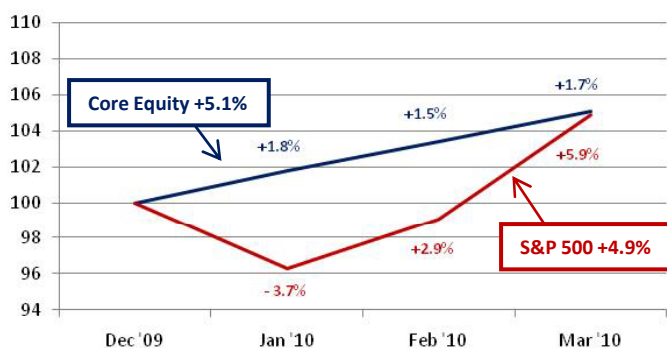
At Van Hulzen Asset Management, we don't swing for the fence. We are disciplined risk managers and would rather rack up the singles and doubles than strike out swinging for the fence. We invest in high quality, dividend paying companies and use covered call options to lower portfolio volatility and reduce our dependence on bull markets.

#### First Quarter Review

The first quarter of 2010 was a great example of how effective this strategy can be. The market rose by 4.9%...an annualized return of over 20%!! But it was a rocky ride...the market plunged 3.7% in January, then rebounded almost 9% in February-March. Our first quarter results were in line with the index (actually slightly higher at 5.1%), but our conservative "singles & doubles" approach made it a much smoother ride. This is consistent with our commitment to strong "risk adjusted" returns.

After the strong rebound in stocks over the past 14 months, we believe the market is now expensive using historic measures and risk remains abnormally high. We are well positioned for this market environment. We will continue to hit singles and doubles...and may even lay down some bunts. Please feel free to contact us with any questions.

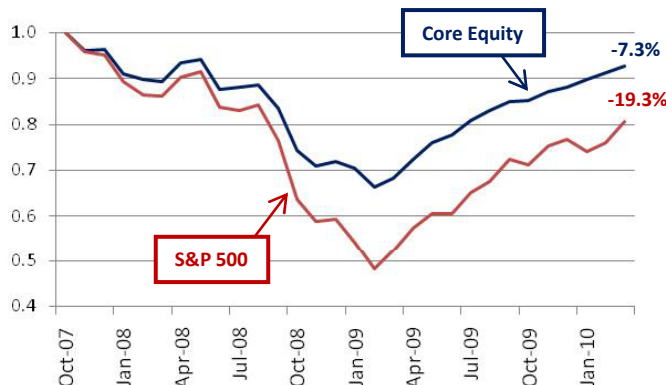
#### First Quarter Performance:



#### Cumulative Statistics:

	Core Equity	S&P 500	Delta
<b>Returns</b>			
Cumulative	74.4%	20.7%	53.7%
Annualized	7.0%	2.3%	4.7%
Since market peak (Oct 07)	-7.3%	-19.3%	12.1%
Maximum drawdown (Oct 07-Feb 09)	-33.7%	-51.7%	18.0%
Avg monthly return during drawdowns	-1.7%	-3.2%	1.5%
<b>Standard deviation</b>			
Annualized	10.9%	15.8%	-4.9%
During drawdowns	12.2%	19.5%	-7.4%
<b>Risk-adjusted return</b>			
Absolute return	74.4%	20.7%	
Percent of risk taken	69.0%		
Hurdle rate	14.3%		
Risk-adjusted excess return	<b>60.1%</b>		
Annualized	5.9%		

#### Since The Market Peak (Oct 2007)



#### Since Inception (8+ Years)

