

VAN HULZEN ASSET MANAGEMENT

QUARTERLY REVIEW

Second Quarter 2010

Anyone Swinging For The Fence Struck Out In The Second Quarter!!

Last quarter we discussed our “singles & doubles” approach and how swinging for the fence is a high risk proposition in today’s market environment. Well, we certainly saw some evidence of this in the second quarter!

At Van Hulzen Asset Management, we don’t swing for the fence. We are disciplined risk managers, focused primarily on two things: (1) income and (2) downside protection. We believe investors who pay more attention to downside risk than to upside potential will always win in the end.

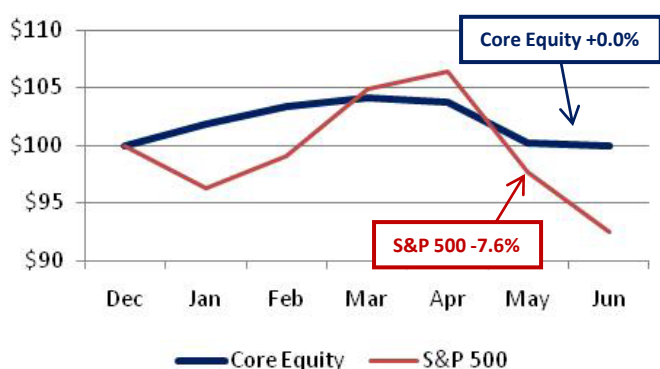
Second Quarter Review

The second quarter of 2010 was challenging for equity strategies. The market dropped 11.9% in the second quarter and stood at -7.6% for the year as of June 30th. In contrast, our Core Equity strategy fell only 4.0% in the second quarter and was flat on the year through six months.

Through mid-July, our 2010 performance is +2.0% versus -3.9% for the S&P 500, and our portfolio volatility is roughly 40% of the market’s. This is consistent with our commitment to strong “risk adjusted” returns.

We believe the market is likely to remain volatile and range bound for some time. We are well positioned for this market environment. We will continue to hit singles and doubles. Please feel free to contact us with any questions.

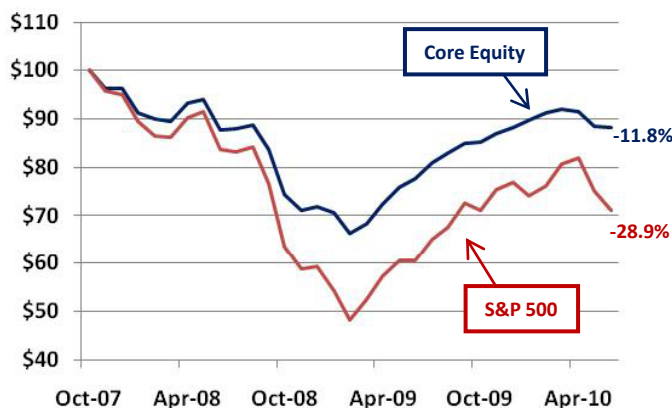
Year To Date Performance (through June 30)



Cumulative Statistics:

	Core Equity	S&P 500	Delta
Returns			
Cumulative	65.9%	6.4%	59.5%
Annualized	6.1%	0.7%	5.4%
Since market peak (Oct 07)	-8.9%	-26.1%	17.2%
Maximum drawdown (Oct 07-Feb 09)	-33.7%	-51.7%	18.0%
Avg monthly return during drawdowns	-1.7%	-3.2%	1.5%
Standard deviation			
Annualized	10.8%	15.9%	-5.1%
During drawdowns	12.2%	19.5%	-7.4%
Risk-adjusted return			
Absolute return	65.9%	6.4%	
Percent of risk taken	67.9%		
Hurdle rate	4.3%		
Risk-adjusted excess return	61.6%		
Annualized	5.7%		

Since The Market Peak (Oct 2007)



Since Inception (8+ Years)

