



HGK Small Cap Value

As of 6/30/10

Firm Overview

- Founded in 1983
- 100% employee owned
- Low professional turnover
- Located in Jersey City, NJ
- Approximately \$4 Billion AUM

Equity Discipline

- Focus CFROI & economic performance
- Strong value orientation
- Fundamental analysis
- High quality companies
- Strict sell discipline

Strategy Characteristics

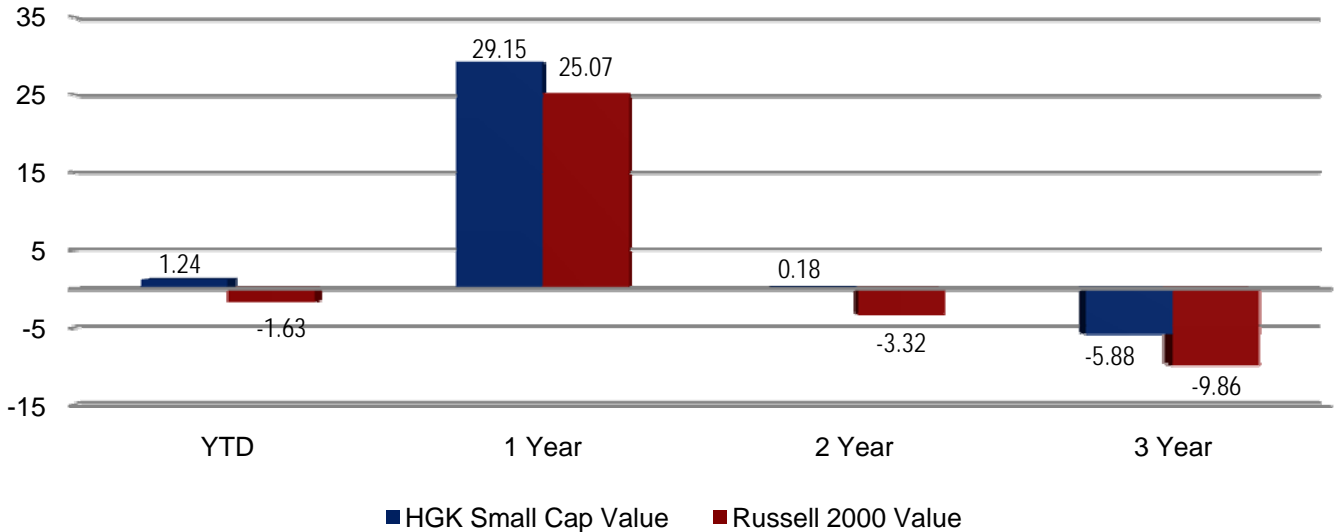
- 60% average annual turnover
- 70-80 Holdings
- Fully invested at all times

Calendar Year End Performance

	2009	2008	2007*	Since Inception (Cum)
HGK Small Cap Value	29.47	-31.51	-7.13	-16.63
Russell 2000 Value	20.55	-28.93	-13.08	-26.75

* Product Inception date 6/30/2007

Small Cap Value Annualized Performance



Portfolio Characteristics

	HGK SCV	Russell 2000 Value
Wtd. Avg. Market Cap	\$1.78 bil	\$.83 bil
Median Market Cap	\$1.32 bil	\$.36 bil
P/E Ratio FY 1	13.4	16.2
Price/Book	1.4	1.15
Price/Sales	1.0	0.9
5 Yr EPS Growth	10.6	3.5
ROE 5 Year	12.9	8.0
Number of Holdings	77	1,300
Dividend Yield	1.46	2.18
Beta (vs. r3000)	1.08	1.28

Sector Weightings

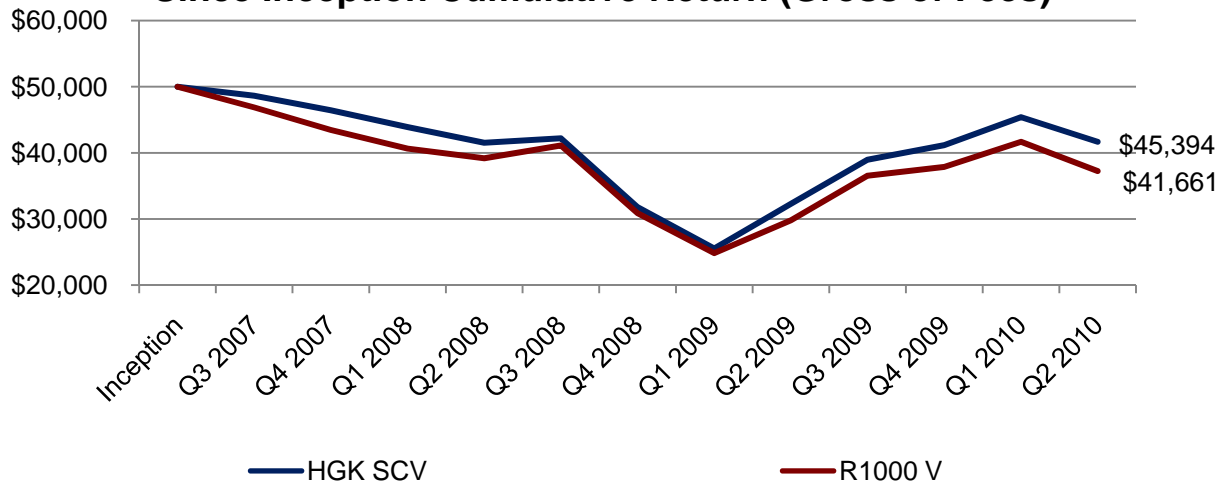
	HGK SCV	Russell 2000 Value
Consumer Discretionary	11.45	9.48
Consumer Staples	5.03	3.10
Energy	3.44	6.44
Financials	32.18	36.67
Health Care	8.49	5.59
Industrials	11.75	13.39
Information Technology	14.22	9.29
Materials	4.89	4.91
Telecom Service	0.00	0.53
Utilities	6.49	6.46

2010 Outlook

During the second quarter of 2010, we recognized a shift in the complexion of the domestic equity market. Investors became increasingly concerned about the possibility of a sluggish recovery only two months after the majority of investors had dismissed this scenario. While the United States is in the midst of a multiple quarter economic recovery, leading economic indicators are beginning to show signs of a slowdown. Unemployment claims, the ISM index, new home sales, and consumer confidence have been among the most prominent indicators to lose steam and raise concerns about the possibility of a double dip recession, precipitating a correction that caused the S&P 500 to decline by more than 11%. We are beginning to see a change in market leadership from stocks with high growth expectations, expensive cyclicality, and high beta to previously overlooked high-quality, low leverage companies which have historically prospered in difficult economic environments. At present, companies exhibiting these characteristics have both relatively and absolutely inexpensive valuations. We expect these securities to assume a position of strong market leadership in the coming quarters.

Investor expectations heading into 2010 were ahead of reality, resulting in a correction phase for the market. Sectors, industries, and companies which are the most leveraged to a strong economy should lag as earnings expectations are readjusted. Meanwhile, high quality and defensive companies, which have underperformed in the past twelve months, should experience relative outperformance. HGK has been and continues to be defensively positioned, emphasizing companies and industries which are less dependent on economic growth and consumer spending. Larger, high quality securities with strong balance sheets and low leverage are attractively valued, pricing in conservative expectations. The inherent strength of these types of companies will enable them to gain a competitive advantage versus financially weaker companies. They will have the ability to access capital, undertake expansion, and supplement their organic growth through acquisition. HGK favors the Consumer Staples, Healthcare and Utilities sectors. All three sectors are supported by attractive valuations and dividend yields, relatively inelastic demand, and low correlation to a weak economy.

Since Inception Cumulative Return (Gross of Fees)



Top 10 Holdings

Symbol	Description	Sector	%	Symbol	Description	Sector	%
1 PRX	Par Pharmaceutical	HEALTHCARE	2.50	6 PRXL	Parexel	HEALTHCARE	2.01
2 SFG	StanCorp Financial Group	FINANCIALS	2.26	7 RGA	Reinsurance Group of America	FINANCIALS	1.95
3 PRGS	Progress Software	TECHNOLOGY	2.17	8 CMS	CMS Energy Corp.	UTILITIES	1.91
4 ESL	Esterline Technologies	INDUSTRIALS	2.14	9 MANT	Manich	TECHNOLOGY	1.87
5 ARRS	Arris	TECHNOLOGY	2.01	10 FFG	FBL Financial Group	FINANCIALS	1.82
Total							20.64

Disclaimer:

HGK Asset Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®)

*Calculations are gross of fees. The effect of fees on a compounding basis will affect net returns as follows: \$1000 compounded annually at a gross return of 10% per year. Over a 5-year period will return \$1610.51. \$1000 compounded annually at a gross return of 10% per year over a 5-year period net of a 50 basis point annual fee will return \$1574.25. Past performance does not guarantee future results.

To receive a complete list and description of HGK Asset Management, Inc.'s composites and/or a presentation that adheres to the GIPS standards, contact Adam Gerentine at 201-659-3700 or email him at Performance@hgk.com

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Indices Defined:

Russell 2000: The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

All indices listed above are unmanaged and not available for direct investment.

The Securities of small-capitalization companies may be subject to higher volatility than larger, more established companies.