



HGK Strategic Income Fund I, Ltd.

As of 12/31/10

Firm Overview

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

Investment Discipline

- Conservative investment thesis
- Liquidity preference
- Volatility minimization
- Transparency

Strategy Characteristics

- Diversified Portfolio Construction
- 24 – 36 month expected holding period
- Direct Origination
- Club Transactions
- Secondary Purchases

Fund Summary

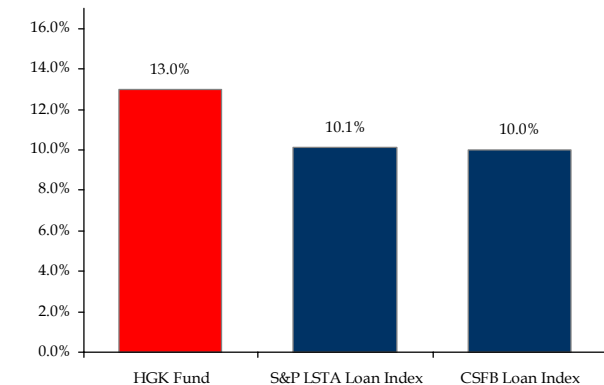
The HGK Strategic Income Fund I, Ltd. invests in senior-secured loans of middle-market North American companies. Investments are made in performing loans purchased on the secondary market as well as in primary loans of niche businesses where the managers' experience and expertise allow access to opportunities closed to other market participants. An investment in the middle-market is complementary to a portfolio of alternative investments as well as to a traditional fixed income portfolio. The asset class's senior position in the capital structure and high current cash pay provide a balance of capital preservation and return generation.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009								0.26%	0.33%	0.45%	1.15%	0.64%	3.73%
2010	1.02%	0.28%	1.24%	1.98%	0.76%	0.73%	0.11%	0.80%	1.17%	1.64%	1.73%	0.83%	12.99%

Estimated

Notes: HGK Fund returns are unlevered returns based on fund performance from August 1, 2009 to December 31, 2010. Returns are gross of fees and 2010 returns are unaudited. Past performance is not indicative of future results.

Fund 2010 Returns vs. Benchmarks



Returns are gross of fees and expenses.

Industry Diversification

Diversified / Conglomerate Service	16%
Healthcare, Education & Childcare	14%
Automobile	12%
Beverage, Food & Tobacco	11%
Electronics	10%
Personal Services / Products	6%
Chemicals, Plastics & Rubbers	5%
Containers, Packaging & Glass	5%
Ecological	5%
Retail Stores	5%
Diversified / Conglom. Manufacture	3%
Personal, Food & Misc. Services	3%
Telecommunications	3%
Building & Real Estate	2%

Moody's Industry Classifications

Portfolio Statistics

Current Holdings	24
Average Coupon:	7.61%
Average Yield:	10.8%
Average Term to Maturity:	3.85 years
% Long	100%

Management Partnership

- Matthew Kosara, CAIA – HGK Portfolio Manager
- Monroe Capital, LLC – Independent Lender Consultant with 20 specialist employees



Features & Benefits

- HGK is a registered investment advisor and qualified professional asset manager (QPAM)
- Senior secured loans offer returns above public market debt, while their high place in the capital structure, hard asset collateralization and use of restrictive covenants reduce risk
- Rapid return of capital through interest and amortization schedule
- Limited duration risk, most loans float on LIBOR
- Compact single-layer fee structure where HGK Asset Management and Monroe Capital act as partners

Outlook

As the capital markets continue one of their most volatile periods in history, investors are given pause as to the state of their existing portfolios, as well as where the most attractive sectors will be in the future. This period enlivens the need of investors for a conservative approach to alternative investing to generate returns for their portfolios that diversify their existing asset bases without taking the risk undue their nature and undue their mandate.

One specific area that has fared especially well is the senior-secured debt space. Due to the dislocation in credit and reduction in available leverage to the greater markets, lenders with available capital have seen pricing levels and terms become more favorable. Investors can benefit from this sector's changes through investments in new loan paper at the top of the capital structure. The spreads on this paper has widened to a point where the asset is yielding over LIBOR +600 basis points for first-lien and LIBOR +1000 for second-lien, without any need to go further down the capital structure and take equity risk or to employ leverage and thus increase volatility.

Investors are also able to take advantage of the current and growing need for liquidity by many banks, hedge funds, and other loan originators and investors. Performing loans, taken out by companies with good cash flow and safe long-term prospects, are being sold to provide assets for redemptions and reserve requirements for their original investors. Buyers of this secondary paper can expect to receive discounts up to 10% off face value while still receiving consistent cash flows from interest payments, generating fully amortized returns nearing 12%.

Term Summary

Strategy	Diversified portfolio of private debt investments that maximizes risk-adjusted returns with portfolio allocations to First & Second Lien Loans
Term	Evergreen; Open-ended; 60-day Liquidity
Management Fee	2.00%
Carried Interest	20% after 6% preferred return; subject to high water mark
Minimum Investment	\$5,000,000
Target Net IRR	10% -12%
Avg. Holding Period of Investments	24 - 36 months

Disclaimer:
This document does not constitute an offering and is intended only to provide a broad overview for discussion purposes. All investors must obtain and carefully read the confidential private placement memorandum for the fund, which will contain the information needed to evaluate the potential investment and provide important disclosures regarding risks, conflicts of interest, sales restrictions, fees and expenses. All information provided herein is qualified in its entirety by the confidential private placement memorandum and applicable subscription agreement, the only basis on which subscriptions may be made.