



Sean Hanlon, CFP®  
Chairman, CEO and  
Chief Investment Officer

## Hanlon Investment Management Continues to Remain Cautious in This Environment

07/23/10

A picture speaks a thousand words. Below is a chart of the widely followed domestic small-cap stock index, the Russell 2000 Index. Clearly one can see that after a decent rally during February-March-April, the stock market has been in a decline since.

The below chart is typical for most equity indices around the globe for the last 6 months. It has been a challenging time to have exposure to equities and Hanlon Investment Management has not been invested in equities at all during this time period.

### RUSSELL 2000 INDEX



In 2010, domestic bond funds, especially high yield corporate bond funds, where available, have continued to provide decent returns, albeit with a bit more volatility that had been experienced during 2009. Our research is recommending conservative portfolio positioning at this time. As such, we have some exposure to bond funds, but limited exposure. The difference is in money market funds.

Are money market funds making our clients rich right now? Absolutely not! But there are times where the all important pursuit of portfolio preservation is far more important than the generation of investment returns, and this is one of those times. We can never force positive investment returns, we can only enjoy them when they are available in the marketplace.

We very much understand and appreciate that your investment success is a function of many things, not the least of which is the power of compounding. The best method to enjoy compounding is to protect your principal, to the extent possible, so that when the investment returns are to be had, you have as much principal at work as possible.

Thank you for the opportunity to be of service.

Thank you,



Sean Hanlon, CFP®  
CEO and CIO

*This Market Commentary contains general information that is not suitable for everyone. The information contained herein should not be construed as personalized investment advice. A stable Money Market Fund is an investment fund that holds the objective to earn interest for shareholders while maintaining a net asset value of \$1 per share. The Russell 2000 is an equity index that cannot be invested in directly without incurring costs and fees. Results for this index do not include dividends. Past performance is not guarantee of future results. There is no guarantee that the views and opinions expressed in this newsletter will come to pass. Investing in the stock and bond markets involves gains and losses and may not be suitable for all investors. Information presented herein is subject to change without notice. Hanlon has experienced periods of underperformance in the past and may also in the future. Hanlon Investment Management, Inc. ("Hanlon Investment Management") is an SEC registered investment adviser with its principal place of business in the State of New Jersey. Hanlon Investment Management and its representatives are in compliance with the current registration and notice filing requirement imposed upon registered investment advisers by those states in which Hanlon Investment Management maintains clients. Hanlon Investment Management may only transact business in those states in which it is notice filed, or qualifies for an exemption or exclusion from notice filing requirements. This Market Commentary is limited to the dissemination of general information pertaining to its investment advisory services. Any subsequent, direct communication by Hanlon Investment Management with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of Hanlon Investment Management, please contact Hanlon Investment Management or refer to the Investment Adviser Public Disclosure web site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). For additional information about Hanlon Investment Management, including fees and services, send for our disclosure statement as set forth on Form ADV from Hanlon Investment Management using the contact information herein. Please read the disclosure statement carefully before you invest or send money. Not all HIM clients are in the strategies discussed herein.*