



Investment Management Tailored for the Perfect Fit



Third Quarter Outlook for the Economy and Capital Markets



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After swinging from a growth rate of minus three percent to plus six percent, the rate of economic growth is moderating. Growth forecasts for 2010 and 2011 are experiencing some downward revisions but, on the whole, forecasters are looking for roughly three percent annual growth, which is in line with what economists view as the maximum long-term, non-inflationary growth rate.

The economy can't maintain a sprint-like pace of six percent for very long. Rapid economic growth occurs only as the economy shifts out of reverse. Notwithstanding all the recent chatter about an imminent double-dip recession, there is little evidence to support this conclusion. What we are likely seeing is the inevitable deceleration of the economy after rapid acceleration.

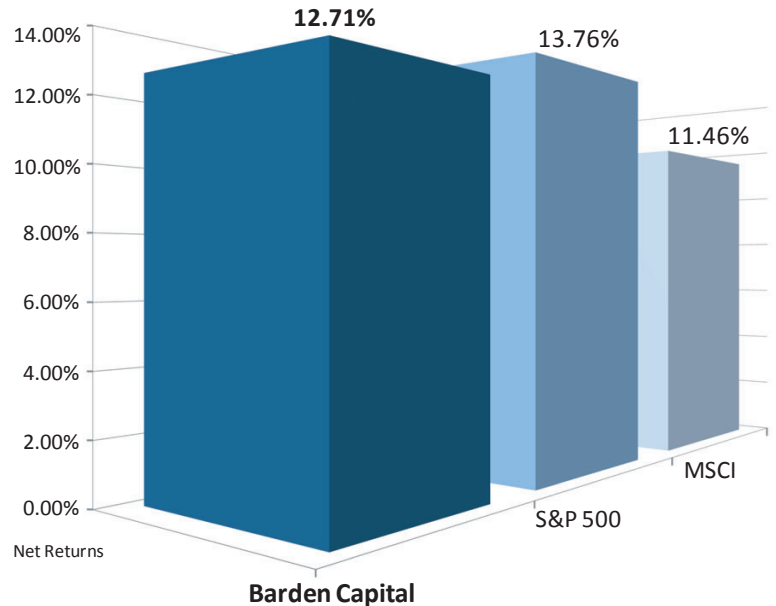
Markets are debating the outcome of two primary areas of concern. Investors are concerned about the economy and they are concerned about the impact of a potential government debt crisis in Europe. With the memory of 2008 so fresh, investors are very sensitive to any developments that might suggest a repeat of that traumatic period.

A number of signs suggest that investors are as pessimistic today as they were in the depths of the crisis in March of 2009. The first measure of investor confidence is the required rate of return on assets that are perceived safe. Investors have rushed to bond funds. In the last fifty years, the only time interest rates have been lower was in late 2008, in spite of the government generating substantial deficit balances.

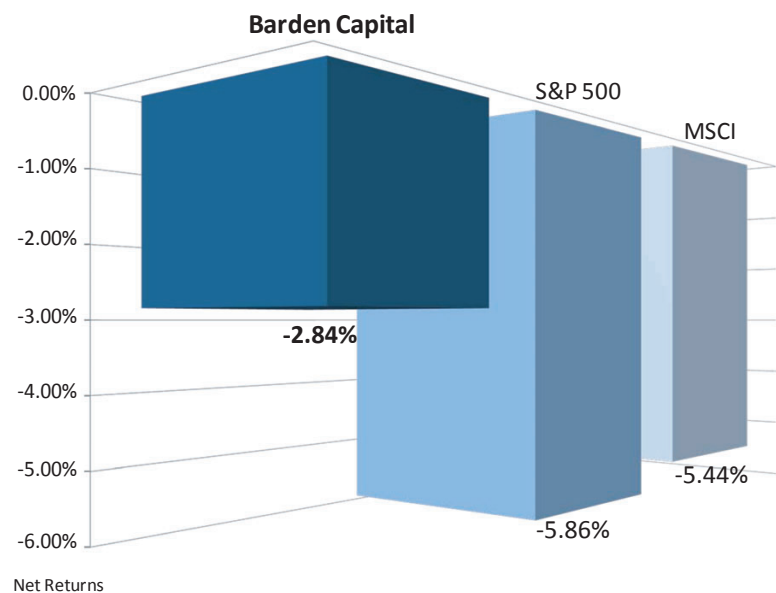
Investor pessimism is also reflected by the value investors place on current and prospective earnings. The price of stocks (S&P 500) relative to earnings reflects despair that is similar to the months following the 1987 crash, the Mexican bailout in late 1994, and the credit crisis of 2008-9. Selling during periods of extreme negative sentiment has not proven to be a profitable long-term investment strategy. Some crises take longer to resolve than others. But, once financial stability is restored, sentiment and stocks prices improve.

PERFORMANCE UPDATE

Trailing-12 Months



Performance Since Inception



Trailing-12 net returns derived from data compiled June 30, 2010. Performance Since Inception net returns derived from data compiled from November 1, 2006 through June 30, 2010. Indexes are not available for investment. The Standard & Poor's 500 Index (S&P 500) is an unmanaged capitalization-weighted index based on the average weighted performance of 500 widely held common stocks with dividends reinvested. The MSCI All Country World Index is a large-capitalization international stock index, which is independently maintained and published by Morgan Stanley Capital International. BCM Returns are based on a size-weighted composite of BCM accounts under management at the end of the period, excluding all non-equity accounts.



Quarterly Commentary - cont.

Debt disasters are most often caused by bankrupt financial institutions or bankrupt governments. Our current problems require resolution on both fronts. In Europe and the United States investors need to be convinced that the banking system is stable and the level of government deficits is sustainable. When we're dealing with such a complicated mess it makes sense to break it down into its constituent parts. This appears to be a four front battle:

U.S. Government Finances: Currently, the U.S. is lagging behind the pace of European deficit reduction. But, as the stimulus spending winds down and the Bush tax cuts are likely repealed, the deficit will come down substantially. The deficit should peak sometime this summer with the topping out of stimulus spending. The U.S. deficit likely won't get much worse before it gets better.

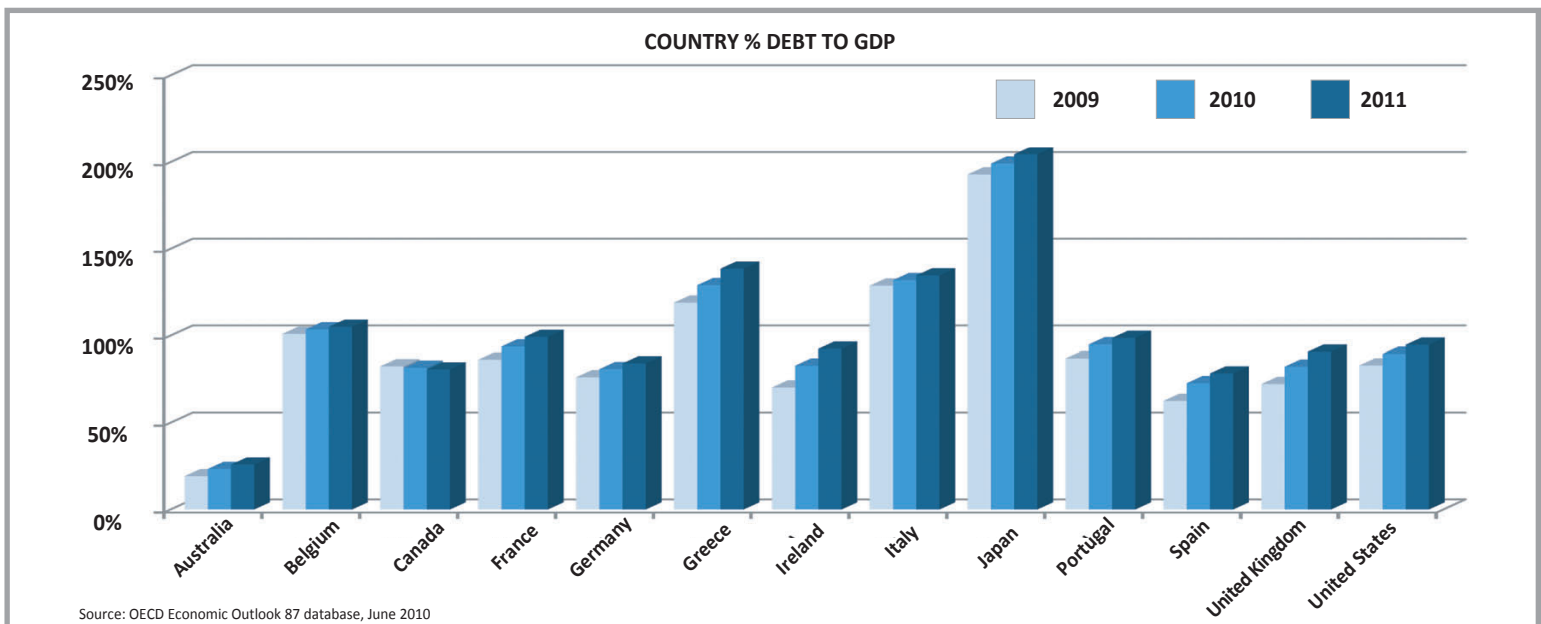
U.S. Banks: The U.S. has made substantial progress in fixing its financial sector. Financial reform will provide much needed clarity on the future regulatory issues for U.S. banks. Banks have shored up their balance sheets while off-loading their most toxic assets. The risk is that banks are over-capitalized and overly conservative in their lending.

European Government Finances: European governments have aggressively addressed the unsustainability of their deficits. Greece is raising its retirement age from 57 to 65 while freezing public employee salaries. France and Spain are also cutting spending while increasing taxes. Germany intends to cut \$80 billion from its annual deficit. Projected deficits are starting to come down. Investors should begin to notice the substantial improvement in European deficits.

European Banks: The European banks were not as stressed by the subprime crisis as the U.S. banks. As a result, European banks remain less transparent and more highly leveraged. The completion of stress tests, similar to what the U.S. banks endured in early 2009, could go a long way towards restoring investor confidence in the European banking system. Interbank lending rates are increasing, though not as rapidly as they did earlier this year. Banks still need to raise capital to offset potential default losses from Spain and Greece. The uncertainty surrounding European bank balance sheets is high, but once the European Central Bank publishes the results of stress tests on July 23rd, investors will have a much better handle on the situation.

The Greek debt crisis has convinced politicians that deficit reduction is of utmost importance. This is a significant change from a year ago. The current focus on austerity implies marginally lower growth rates over the next couple of years. Right now the market is grappling with the question of whether the withdrawal of government stimulus will cause the economy to topple over into another recession. After 2008, and in general, after the lackluster returns of the past twelve years, investors are running for safety at the first sign of trouble. Valuations suggest a market that is already trading at panic prices.

Most would agree that unsustainable government finances are not a path to prosperity. Though the new focus on austerity will trim some speed off of the pace of economic recovery, a close reading of the data suggests that the economy is unlikely to experience another downturn. As it becomes clear that we are only experiencing a slowdown as opposed to an outright recession, the markets should rally substantially.



Source: OECD Economic Outlook 87 database, June 2010

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Investment Objective: We utilize a combination of successful, low-correlation strategies to build an investment portfolio with lower volatility than the global stock benchmark. Our intent is to enhance return while controlling volatility. Typically, the portfolio owns at least 50 stocks.

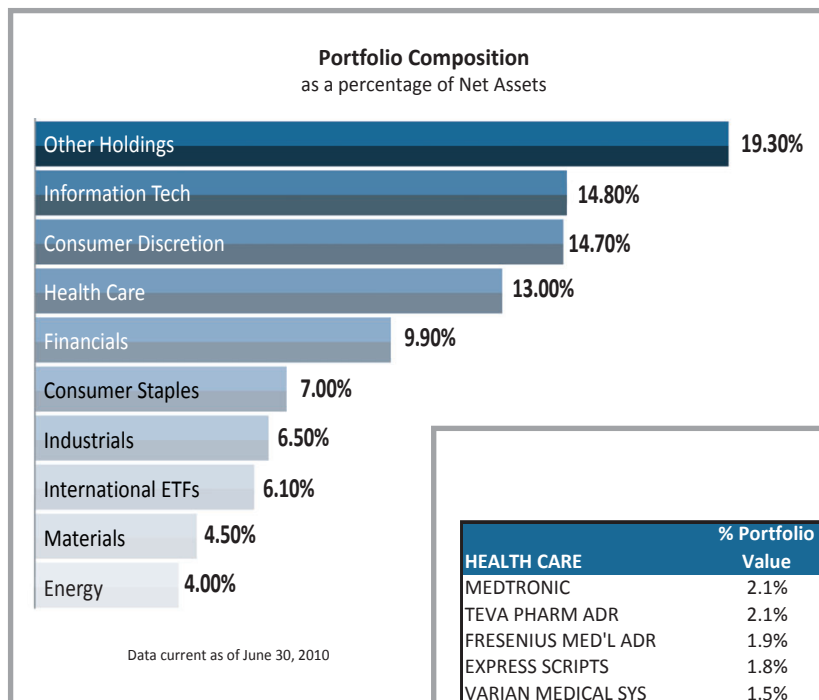
Risk Management: Diversification is the cornerstone of our risk management process. In addition to maintaining an economically diversified portfolio, we build portfolios that are strategically diversified. We have exposure to both international and domestic as well as value and growth style stocks.

Since our inception we have generated superior returns with less volatility than our benchmark (as of 6/30/10). We are constantly adjusting the portfolio to ensure that we have the optimal strategic mix in terms of risk adjusted return. Recently, the key style question has revolved around quality growth versus cyclical growth. As the recovery matures the sweet spot of the market will likely move towards quality growth stocks.

Background: Barden Capital Management, Inc. was founded in 2006 as a partnership between Eric Barden and Ryan Barden, who have worked together professionally since 1997. Eric serves as President and Portfolio Manager, while Ryan is Chief Operations Officer. The firm's primary focus is portfolio management for corporations and high net worth individuals.

Eric and Ryan Barden have over twenty years of combined experience managing institutional accounts, including mutual funds and large corporate retirement plans.

Barden Capital Multiple Style Portfolio Growth Composite



% Portfolio	
HEALTH CARE	Value
MEDTRONIC	2.1%
TEVA PHARM ADR	2.1%
FRESENIUS MED'L ADR	1.9%
EXPRESS SCRIPTS	1.8%
VARIAN MEDICAL SYS	1.5%
UNITEDHEALTH GROUP	1.2%
KINETIC CONCEPTS	1.2%
MCKESSON	1.1%
SECTOR AVG. (\$ WT)	13.0%

Current Stocks owned within each Sector of the Portfolio

% Portfolio	
OTHER HOLDINGS	Value
CASH	4.3%
LOOMIS SY BD CL I	3.4%
TCW TOTAL RTN BOND N	3.1%
F.I.S.T CONV SECS A	3.1%
FIDELITY NEW MKT INC	1.7%
ISHARES LEHMAN 1-3YR	1.4%
ISHARES IBOX \$ INGR	1.1%
ISHARES S&P MC BA GR	0.7%
ISHARES LEHMAN TIPS	0.6%
SECTOR AVG. (\$ WT)	19.3%

% Portfolio	
INFORMATION TECH	Value
ACCENTURE	2.0%
ORACLE	1.9%
HEWLETT-PACKARD	1.8%
VISA	1.7%
COGNIZANT TECH SOL	1.5%
HARRIS	1.5%
GOOGLE	1.3%
ADOBE SYSTEMS	1.0%
NUANCE	0.9%
RESEARCH IN MOTION	0.7%
NETEASE.COM ADR	0.7%
SECTOR AVG. (\$ WT)	14.8%

% Portfolio	
FINANCIALS	Value
TORCHMARK	1.9%
SPDR FIN'L INDEX	1.9%
BANCO BILBAO VIZ ADR	1.5%
AMERIPRISE FINANCIAL	1.3%
CASH AMERICA INT'L	1.3%
JONES LANG LASALLE	1.3%
BANK OF NY MELLON	0.8%
SECTOR AVG. (\$ WT)	9.9%

% Portfolio	
CONSUMER STAPLES	Value
COCA-COLA ENTP	1.7%
CVS/CAREMARK	1.4%
KIMBERLY-CLARK	1.4%
AVON PRODUCTS	1.1%
CENT EUROPEAN DISTR	0.7%
DEAN FOODS	0.7%
SECTOR AVG. (\$ WT)	7.0%

% Portfolio	
CONSUMER DISCRETION	Value
MCDONALD'S	2.0%
HASBRO	1.8%
TRACTOR SUPPLY	1.6%
THE DIRECTV GROUP	1.5%
COACH	1.4%
BEST BUY	1.3%
GANNETT	1.3%
STARBUCKS	1.2%
ITT EDUCATIONAL SVCS	1.1%
NEWELL RUBBERMAID	0.8%
DECKERS OUTDOOR	0.7%
SECTOR AVG. (\$ WT)	14.7%

% Portfolio	
INDUSTRIALS	Value
UNITED TECHNOLOGIES	1.8%
UNION PACIFIC	1.5%
ILLINOIS TOOL WORKS	1.1%
AECOM TECHNOLOGY	0.9%
TEREX	0.8%
MANITOWOC	0.5%
SECTOR AVG. (\$ WT)	6.5%

% Portfolio	
INTERNATIONAL ETFs	Value
ISHARES MSCI EM MKTS	4.0%
MORGAN STAN INDIA	1.1%
MORGAN STAN RUSSIA	1.0%
SECTOR AVG. (\$ WT)	6.1%

% Portfolio	
MATERIALS	Value
ECOLAB	1.9%
SPDR MATERIALS SELCT	1.0%
RELIANCE STEEL/ALMUN	0.9%
FREEPORT-MCM CPR&GLD	0.8%
SECTOR AVG. (\$ WT)	4.5%

% Portfolio	
ENERGY	Value
SCHLUMBERGER	1.5%
CHESAPEAKE ENERGY	0.9%
TRANSOCEAN	0.9%
SUNCOR ENERGY	0.7%
SECTOR AVG. (\$ WT)	4.0%

For More Information:
Call (512)366-8081 or Visit www.BardenCapital.com

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