

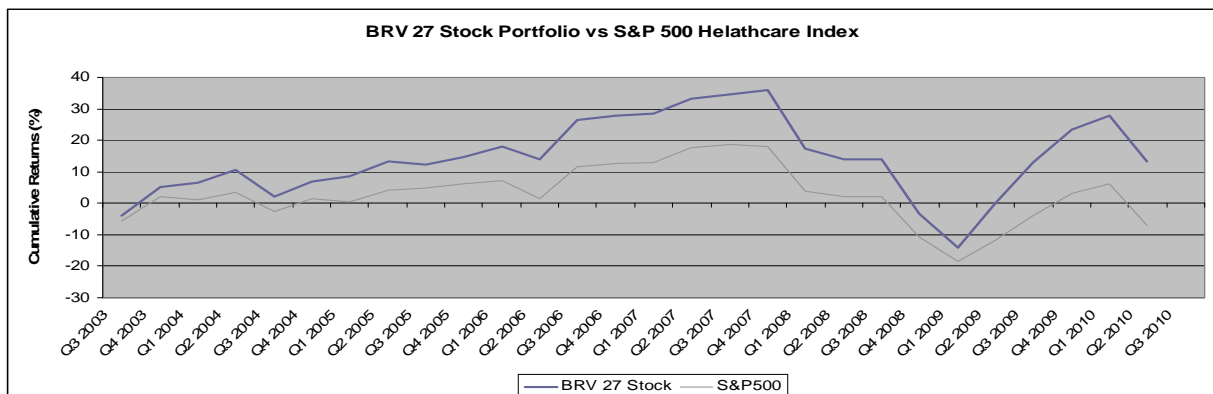
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Expect Rebound in Large Cap Healthcare

Mid-cap (S&P 400) healthcare stocks have been the top performers in the healthcare sector YTD with returns in excess of 7.0%, followed by small-cap (S&P 600) names, up 2.1%. While the large-cap healthcare names have lagged in performance, primarily resulting from a sizeable correction in Q2, we believe that they now trade at more compelling valuations. With improved dividend yields, we expect the large cap sector to be more in sync with our value-based BRV S&P 500 Healthcare strategy in the coming quarter.

S&P 500 Healthcare Strategy Update

- In Q2-10, our BRV S&P 500 Healthcare 27-stock model portfolio outperformed the S&P 500 Healthcare benchmark with returns of -11.53% versus -12.26%. In addition, each of our other model portfolios also outperformed the sector benchmark in Q2-10. Top performing names in the quarter included AmerisourceBergen Corp. (NYSE: ABC, \$31.99) +9.8% and McKesson Corp. (NYSE: MCK, \$67.08) +2.2%.
- Generally speaking, our allocations in Life Sciences Tools & Healthcare Distributors & Services helped to mitigate some of the effects of the sell-offs in the sector during Q2. However, the majority of our returns in the quarter were associated with stock selection.
- For the active portion of the strategy in Q3, we are most heavily weighted in Healthcare Providers & Services (48%) with the majority of our picks in Healthcare Services and Managed Healthcare. We are also heavily weighted in Healthcare Equipment & Supplies (22%). Among our top picks this quarter are Lilly & Co. (NYSE: LLY, \$34.99) and Bristol-Myers Squibb (NYSE: BMY, \$24.84) which are currently yielding 5.6% and 4.1%, respectively.
- In the current quarter we have added Baxter International, Inc. (NYSE: BAX, \$42.61), Bard, Inc. (NYSE: BCR, \$77.20), King Pharmaceuticals, Inc. (NYSE: KG, \$8.59) and Lab Corp. (NYSE: LH, \$075.27). We have since sold Cardinal Health, Inc. (NYSE: CAH, \$35.21), Express Scripts, Inc. (NYSE: ESRX, \$46.39), Patterson Companies, Inc. (NYSE: PDCO, \$27.72) and Waters, Inc. (NYSE: WAT, \$63.50).
- With a consistency of 75% and an information ratio of 0.75 for the 27-stock portfolio through Q2-10, we believe that our BRV S&P 500 Healthcare sector strategy demonstrates strong potential



* For more information regarding historical performance contact Blaylock Robert Van LLC.

Blaylock Robert Van LLC, member FINRA, MSRB, SIPC