

LOUIS RUKEYSER'S WALL STREET



1933 - 2006

FUND favorites

Investors face choppy markets amid a period of heightened economic uncertainty. With earnings growth likely to be subdued, dividend payments can go a long way. —The Editors

It Pays to Wait

Huntington Dividend Capture (HDCAX) launched in 2001, a time when most investors focused on capital gains rather than dividends.

Co-managed by Kirk Mentzer and Randy Bateman, this value-focused fund generates high income and keeps portfolio volatility relatively low. The fund invests primarily in three asset classes: common stocks, real estate investment trusts (REITs) and fixed-rate preferred stocks.

The fund's investment strategy focuses on total rate of return. "Looking back 80 years, dividends represent roughly 45 percent of the total return for the equity market," says Mentzer.

But management doesn't forsake fundamentals for the sake of a higher yield. "Big yields don't necessarily mean big returns. If the company is in trouble, even with a high yield, it will underperform the market," Mentzer notes.

Based on one- and five-year returns, the highest-yielding names in the manager's "Super 1500" usually underperform. Mentzer has repeated this study over a number of years and consistently found that stocks which yield 2 to 3 percent produce the best returns.

Mentzer and Bateman target names with positive earnings revisions, attractive price trends and strong growth prospects. When selecting preferred stocks for the portfolio, the duo focuses on credit quality because the market for these securities isn't as active as the one for common stocks.

The managers also cycle through names with upcoming dividends. Once the company pays its dividend, Mentzer and Bateman replace the holding with an equally or more attractive stock that has an upcoming dividend. "We're always

looking for the next dividend-paying stock to keep payouts high for investors," says Mentzer.

Mentzer worries that the expiration of the Bush tax cuts could pose a huge risk to dividend-paying stocks. He's looking to avoid some of the pain by increasing the portfolio's exposure to foreign equities. The fund's current international holdings are from developed markets, with European equities leading the way.

"European markets have been clobbered, but many names offer attractive dividends and low valuations. Price-to-earnings multiples are considerably lower than in the US markets," says Mentzer.

Health care firm Astra-Zeneca (LSE: AZN, NYSE: AZN) has featured in the portfolio for quite some time. It's a high-quality company with solid earnings and price trends, and the stock yields over 4 percent.

The health care sector has lagged the broader market of

late, but management has increased the fund's exposure to the industry to take advantage of attractive valuations. Mentzer maintains that the group offers the best opportunities of all the other defensive sectors.

Mentzer and Bateman also look to energy, especially integrated names that boast a broader base of revenue sources. Chevron (NYSE: CVX), one of the fund's largest holdings, yields 3.7 percent.

Mentzer expects economic growth to decline in 2010 and 2011. The US economy won't suffer a double-dip recession, but fearful investors can count on this fund to pay out while they wait for a turnaround.

—Hannah Hsu ■

WHY TO BUY

HUNTINGTON DIVIDEND CAPTURE (HDCAX)

- Monthly income payouts
- Low-volatility portfolio
- Good total return profile over a full market cycle

HUNTINGTON DIVIDEND CAPTURE

Columbus, OH 800-253-0412
www.huntingtonfunds.com HDCAX

Assets: 107.9 million

No. of holdings: 113

Expense ratio: 1.41%

Assets in top 10 holdings: 19.19%

Largest qtrly. loss*: -17.21%; 1st Qtr. 2009

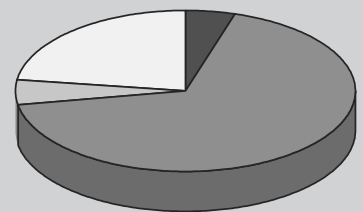
Largest qtrly. gain*: 23.36%; 2nd Qtr. 2009

Top five holdings: Chevron (CVX), Union Pacific (UNP), Total SA (FP), Abbott Laboratories (ABT), The Hershey Co. (HSY)

*Past three years

Source: Morningstar, Huntington Funds

PORTFOLIO BREAKDOWN



■ Cash	4.67%
■ US Stock	67.5%
■ Non US Stock	5.08%
■ Other	22.75%

*As of 9/30/10. Source: Morningstar

SECTOR WEIGHTINGS*

Information

Software	1.45%
Hardware	3.79
Media	2.95
Telecommunications	4.03

Services

Healthcare	9.97%
Consumer Services	2.46
Business Services	1.82
Financial Services	33.07

Manufacturing

Consumer Goods	15.83%
Industrial Materials	10.50
Energy	9.18
Utilities	4.95

*As of 9/30/10. Source: Morningstar



Views are as of (9/30/10) and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

Diversification does not assure a profit nor protect against loss in a declining market.

There are no guarantees that dividend paying stocks will continue to pay dividends. In addition, dividend paying stocks may not experience the same capital appreciation potential as non-dividend paying stocks.

The holding listed below, which is referenced in the interview, made up the following percentage of Huntington Funds' portfolios as of 9/30/10:

Astrazeneca		Chevron		
Fixed Income	0.83%	Dividend Capture	2.00%	
Dividend Capture	1.44%	Income Equity	1.80%	
Income Equity	2.67%	S/I Fixed Income Securities	0.54%	
		Rotating Markets	5.19	
Average Annual Total Return as of 9/30/10				
	1-year	3-year	5-year	Since Inception (3/1/2001)
Huntington Dividend Capture Fund	13.32%	-3.90%	0.94%	4.79%

The gross expense ratio is 1.41

Mutual funds are subject to risks and fluctuate in value.

Investments in real estate investment trusts ("REITs") and real-estate related securities involve special risks associated with an investment in real estate, such as limited liquidity and interest rate risks and may be more volatile than other securities. In addition, the value of REITs and other real estate-related investments is sensitive to changes in real estate values, extended vacancies of properties and other environmental and economic factors.

Investments in international markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxation and differences in auditing and other financial standards. Risks of foreign investing are generally intensified for investments in emerging markets.

The Fund's past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-253-0412.

For more complete information about the Huntington Funds, call 1-800-253-0412 or contact your investment representative for a prospectus or view the prospectuses available on this website. You should consider the fund's investment objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus or summary prospectus, which you should read carefully before investing.

The funds are distributed by Unified Financial Securities, Inc. (Member FINRA) a wholly owned subsidiary of Huntington Bancshares, Inc. and an affiliate of Huntington Asset Advisors, Inc. the advisor to the Huntington Funds.

Not A Deposit · Not FDIC Insured · Not Insured By Any
Government Agency · No Bank Guarantee · May Lose Value