



41 South High Street
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Market Update
January 2012

Investments during 2011 were influenced by the ongoing tepid recovery of the domestic economy. Major influencers of this included the events surrounding the European debt situation, Fed interest rate activities and risk related trading. Equity volatility on a day-by-day situation was dramatic, although at the end of the year there was no appreciable headway accomplished in virtually all the domestic markets. Performance in the world markets was excessively weak with the emerging markets down 18.4% and the EAFE off over 12%.

Going into 2012 Huntington Funds anticipates a better performance from both domestic and international stock markets. Based upon some improvement in the Euro debt concerns and reasonably strong earnings growth, we expect domestic returns in middle single digits and, perhaps, better returns in emerging markets and from the developed economies. Dividends should continue to be a major attraction to investors who are seeking to substitute holdings from the low rates available in fixed income vehicles. With \$3 trillion in cash sitting on corporate balance sheets, there is certainly opportunity to increase dividends, as well as make acquisitions and initiate stock buybacks. All should support an expansion in stock prices.

We continue to expect demographics to play an important role in worldwide growth and investment opportunities. To fuel a product demand from a rapidly growing global middle class, those U S companies that can export should find excellent growth opportunities, particularly in meeting the needs of developing nations. With Europe poised for a weaker economy, export selectivity will be important in discovering those companies whose product and distribution lines are geared to demographically favored nations. Infrastructure builders and agriculture seem to have the most favorable characteristics in the upcoming market.

Fixed income investors, however, may face a problem with historically low rates, concerns over the impact of a future Fed policy that could suspend monetary easing, the 'bubble' of a 30 year bull market for bonds, greater economic growth than experienced in 2011, sovereign debt downgrades and domestic budgetary demands. The new Huntington World Income Fund was created to provide the yield that investors are seeking but from sources that have a need for capital to fund growth and not as a result of fiscal weakness. This would include dividend paying equities, international bonds and option strategies that could be employed in a responsible fashion.

As always, Huntington Funds seeks to manage risk as best possible and tap into vehicles that provide value to our funds' investors. We conduct our efforts with the highest scrutiny and with the most ethical intentions. We appreciate your confidence and your continued business.

Sincerely,

A handwritten signature in black ink that reads 'Randy' in a cursive, slightly stylized font.

Randy Bateman, CFA
President, Huntington Asset Advisors
Chief Investment Officer, Huntington National Bank

Views are as of (1/12/12) 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.

EAFE is an index that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia.

Funds that invest in option strategies may be subject to enhanced costs, risks and greater volatility than funds that do not employ such strategies.

International investing involves special risks including currency risk, political risk, increased volatility of foreign securities, and differences in auditing and other financial standards. In addition, prices of emerging markets securities can be significantly more volatile than the prices of securities in developed countries.

The Fund is subject to both credit and interest-rate risk. The Fund's share prices and yields will be affected by interest-rate movements, with bond prices generally moving in the opposite direction from interest rates.

Credit risk refers to the bond issuers' ability to make timely payments of principal and interest. Bonds are affected by a number of risks, including fluctuations in interest rates, credit risks, and prepayment risk. In general, as prevailing interest rates rise, fixed-income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating or credit worthiness causes a bond's price to decline.

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.

For more complete information about the Huntington Funds, call 1-800-253-0412 or view the prospectuses on huntingtonfunds.com. 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, which you should read carefully before investing.

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