

# Hilliard-Lyons Government Fund, Inc.

As of March, 31, 2010

## INVESTMENT OBJECTIVES

Capital preservation, liquidity, and the highest possible level of current income consistent with these objectives.

## INVESTMENT STRATEGIES

The Fund seeks to attain its objectives by investing exclusively in short-term debt securities issued or guaranteed by the U.S. Government, its agencies, or its instrumentalities. The Fund may also invest in repurchase agreements collateralized by these securities. The Fund is managed so that the weighted average maturity of all its investments does not exceed 90 days. The Fund plans, as much as possible, to invest in securities whose interest payments are exempt from state and local taxes.

## INVESTMENT BENEFITS

- High-quality portfolio of 100% U.S. Government agency, instrumentality or FDIC guaranteed securities.
- Short-term portfolio of investments may offer greater price stability than a long-term portfolio.
- Free checkwriting allows unlimited access to your funds with no per-check minimum.

## INVESTMENT CONSIDERATIONS

- The value of the Fund's investments may be influenced by changes in interest rates and/or events affecting the issuers. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.
- Government and agency guarantees apply only to the securities held by the Fund, not to the Fund itself.
- Not all of the securities issued by the agencies and instrumentalities of the U.S. Government in which the Fund may invest are backed by the full faith and credit of the U.S. Government.

## FUND HIGHLIGHTS

As of 3/31/10:

Ticker .....	HLCXX
CUSIP .....	431990704
Category .....	Money Market
Inception Date.....	6/05/1980
Total Net Assets .....	\$1,849,714,535
Net Asset Value (NAV).....	\$1.00
Expense Ratio .....	0.22%*
Average Maturity .....	28 days
Portfolio Manager .....	Dianna P. Wengler
Experience with Fund .....	26 years

*\*Net of voluntary waiver of the investment advisory fee and a portion of the administration services fee.*

*Investment Insight  
for Every Generation  
Since 1854<sup>sm</sup>*

  
**HILLIARD LYONS**

# Hilliard-Lyons Government Fund, Inc.

## PORTFOLIO COMPOSITION

As of 3/31/10



U.S. Government Sponsored Enterprises ("GSEs") are instrumentalities of the U.S. Government. The Fund's investment portfolio currently consists of securities issued by the following GSEs and issuers of securities guaranteed under the Temporary Liquidity Guarantee Program created by the FDIC.

ISSUER	% OF TOTAL*	S & P	MOODY'S
GSEs	81.9%	AAA	Aaa
FDIC guaranteed notes	18.1%	AAA	Aaa

\*Percentage of total investments.

The chart and table presented above reflect the Fund's portfolio composition as of the date indicated. These illustrations may not be representative of the Fund's current or future holdings, which are subject to change.

## CURRENT YIELD

As of 3/31/10:

7-Day SEC Yield.....	.01%
7-Day Effective Yield.....	.01%

Yield will vary. The yield quotations for the Fund more closely reflect the current earnings of the Fund than the total return quotations. The 7-day effective yield is based on the 7-day SEC yield and is then compounded and annualized. The yield reflects a voluntary waiver of a portion of the Fund's investment advisory fee. Voluntary waivers may be revised or cancelled at any time. Had the waiver not been in effect, yields quoted would have been lower.

## AVERAGE ANNUAL TOTAL RETURNS

For the Periods Ending 3/31/10:

3 Mos.	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
0.00%	0.00%	0.08%	1.84%	2.57%	2.39%

The return data shown above represent past performance, which may be higher or lower than current returns. Total returns for periods of less than one year are cumulative and are not annualized. Past performance is not meant to be indicative of future results. Investment returns and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Total returns reflect a voluntary waiver of the Fund's investment advisory fee and a portion of the administration services fee. Voluntary waivers may be revised or cancelled at any time. Had the waiver not been in effect, performance quoted would have been lower. To obtain current performance information, please contact your Financial Consultant, or the Fund directly at (800) 444-1854.

Before investing in the Hilliard-Lyons Government Fund, consider carefully the investment objectives, risks, charges and expenses of the Fund. This, and other information, can be found in the Fund's prospectus, which can be obtained through Hilliard Lyons or at [www.hilliard.com](http://www.hilliard.com). Please read the prospectus carefully before you invest or send money.

Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation.

Securities are offered through J.J.B. Hilliard, W.L. Lyons, LLC. Member of NYSE, FINRA & SIPC.

*Investment Insight  
for Every Generation  
Since 1854<sup>sm</sup>*

