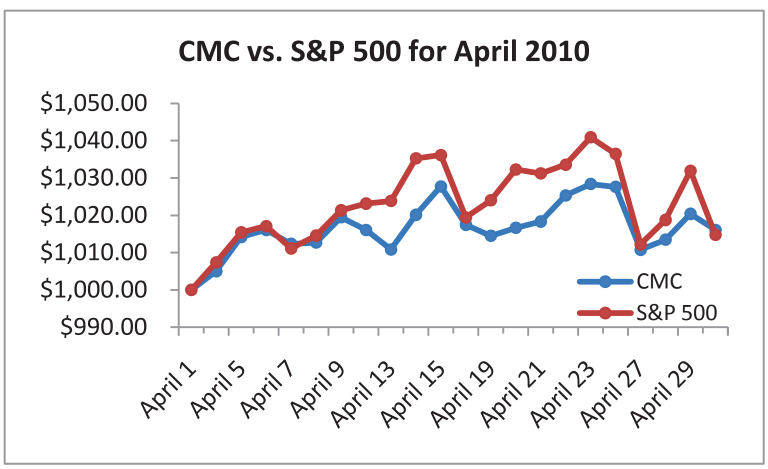
CAPITAL MANAGEMENT CLUB

May 3, 2010

Dear Members and Friends,

While the grappling, arm-twisting, headlocks and strangleholds among the bulls and bears ensue, portfolio managers stand beside the ring witnessing an oddly unfamiliar battle. April brought a return to some volatility, and a more sideways market than we have become accustomed. Like any good ole' wrestlin' match, there is always an intruder that takes the bout for an unexpected twist. This one we can blame on the Greeks, as their debt crisis has triggered an uncomfortable response from investors that has given Greece a thrust in to a limelight it hasn't seen since the days of Helen, Socrates and Alexander the Great. We may admire their poetry, playwrights, and philosophy, but Greece's overreliance on government spending has clearly shaken global equity markets. This episode, if anything, presents us with the opportunity to view our own portfolios within the wider, interconnected, globalized spectrum that we are forced to understand. While the market frequently cheered data releases from our government, it booed the larger and more structural concerns that remain in the Eurozone, as well as in our corporate finance regulatory structure vis-à-vis Goldman Sachs and Financial Regulatory Reform. Shall we brush aside these events as singular and contained in order to focus on the leading nature of the statistics, or shall we concern ourselves with the macro weaknesses and consider the statistics a small piece to the whole? The balancing act continues.



We have yet to be impressed by the effect of the US Government's stimulus and have positioned our portfolio clear of any disappointments that may result from the realizations of its failures. While consumer spending and inventories were the strongest components of recent GDP growth, one oft-discussed figure was appallingly inconsequential, government spending. While one battle rages on Wall St, another one burns up our airwaves and is fought on Capitol Hill: the increasing heavy hand of Uncle Sam into our nation's economy. Given that the underemployment figure remains uncomfortably high around 20% and that the stimulus package has yet to pack a punch, we wonder whether we have the right captains in control of our ship as we attempt to navigate out of treacherous waters, sailing ever so dangerously to potential fiscal bankruptcy.

We continue to base our portfolio around companies that earn a multitude of currencies. Worldwide easing efforts have left certain currencies vulnerable and we are especially careful in managing currency devaluation. A variety of metrics show global consumers spending at greater rates than here in the US. Furthermore, exporting S&P components have outperformed solely domestic firms. We continue to position our portfolio on the right side of global demographic trends and we remain bullish on commodities and the technology that spurs business and infrastructural improvements worldwide.

The US consumer still faces its fair share of roadblocks. We expect oil prices to rise substantially, and thus we are prepared to purchase energy and drilling companies that stand to gain from price increases. The weakness our holdings may endure from an embattled consumer if fuel consumption takes the place of discretionary spending should, in part, be offset by the gains in our energy holdings.

As portfolio managers, we continue to monitor these risks. For all that our Government can do to slow down capital formation and saddle us with higher debt levels, it is hard to ignore the burgeoning profit story that drives the market higher. For the time being, we anticipate the market to continue to trend higher as aggregate S&P profits are still undervalued by the street. Easy comps and skeptical analyst valuations have driven the market higher on a 45% increase in S&P profits for Q1 and a widespread occurrence of upside earnings surprises. We see optimistic signs from the corporate credit market that continues to lead the equity markets. The ultra-steep yield curve provides bankers (the essential facilitators of capital formation, or "fat cats" as referred to in Washington) with the liquidity and capital base to create an environment of profitable business growth for the short term. Lower interest rates have led companies to pay down debt, or make necessary acquisitions. Nevertheless, we have our doubts due to the inherent, unsustainable drivers of our economy's turnaround. The fragility of our currency stands at the mercy of bond market participants as our current deficit to GDP ratio of 10.6% stands close to that of Greece (12.7%) and Ireland (15.7%). We remain cognizant that zero percent interest rates and trillions of dollars from Washington do not make a sustainable economy.

We have sold out of profitable trades such as Green Mountain Coffee Roasters and Iron Mountain Inc before their earnings announcements. Our discretion has paid off as shares of both companies tumbled due to the inherent risks in operations and overly optimistic earnings expectations that we targeted. In total, we recognized a 46.80% return on GMCR and an 18.83% return on IRM. We believe that these trades are a perfect example of our overall entry/exit strategy when looking at stocks. As PMs, we diligently track various overlays and indicators to find successful buy and sell points. We feel that market timing is one of the many pieces to the positive alpha puzzle.

After a late month sell-off that we considered a market overreaction, we decided to buy shares of GlaxoSmithKline (GSK). The market has sold GSK shares due to litigation concerns regarding Avandia as well as the recently signed healthcare reform. In the short term, we do not regard either of these events as threats to Glaxo's favorable earnings drivers. Furthermore, their current R&D and geographic restructuring should have a positive revenue effect that is undetected by street estimates. While we plan to increase our stake in globally oriented growth companies that depend on domestic demand in emerging areas of the globe, GSK provides a diversification in its scope, while its healthy dividend provides income for our portfolio.

We have initiated a short position in Joy Global after the stock price has steadily risen since we bought mining equipment competitor Bucyrus. With this position, we hope to dampen industry risk and make a relative valuation call on Bucyrus' outperformance. Joy Global has expressed the strategy to become a major player in China's growth, yet we expect the active Chinese Government will favor domestic companies to improve its mining capabilities at the expense of foreign equipment makers.

Best April Performers					
Name	**Value (Apr 1)**	**Price (Apr 30)**	**Value (Apr 30)**	**Gain/(Loss)**	**% Return**
CSX Corp (CSX)	$ 1,119.80	$ 56.05	$ 1,233.10	$ 113.30	10.12%
Tata Motors (TTM)	$ 978.38	$ 20.41	$ 1,081.73	$ 103.35	10.56%
Joy Global Inc (JOYG)	$ (1,064.69)	$ 56.80	$ (965.60)	$ 99.09	9.31%
Whole Foods Market (WFMI)	$ 1,084.50	$ 39.02	$ 1,170.60	$ 86.10	7.94%
K L A - Tencor Corp (KLAC)	$ 711.39	$ 34.06	$ 783.38	$ 71.99	10.12%

For the month of April, our fund slightly outperformed its index while maintaining a cash position. Our monthly return was 1.16% against the market's 1.14% return while our cash position stands at around $9,800, or about 37% of our current market value. Once again our Sharpe ratio, a gauge of excess return given our portfolio's variance, is an impressive 2.17, largely due to our cash position. Compare this to the Claymore Hedge Fund Index ratio of .75. Our best monthly gainers were CSX and Tata Motors, as both experienced returns over 10% this April. Our largest losses came from the Chinese firms Ctrip.com and Yongye. We are still very bullish on these positions and believe in the fundamental drivers of these companies. This month, we look to move into a variety of new stocks, as we believe valuation is attractive on many stocks that populate our watch-list. We will continue to buy and sell securities as we rebalance our sector weights to adjust to current market conditions and our views.

Worst April Performers

Name	Value (Apr 1)	Price (Apr 30)	Value (Apr 30)	Gain/(Loss)	% Return
Ctrip.com Intl (CTRP)	$ 1,019.20	$ 36.50	$ 949.00	$ (70.20)	-6.89%
Yongye Intl (YONG)	$ 1,163.52	$ 7.64	$ 1,100.16	$ (63.36)	-5.45%
Verizon Comm (VZ)	$ 775.20	$ 28.90	$ 722.50	$ (52.70)	-6.80%
Bucyrus Intl (BUCY)	$ 1,055.84	$ 62.87	$ 1,005.92	$ (49.92)	-4.73%
Abbott Laboratories (ABT)	$ 790.20	$ 51.16	$ 767.40	$ (22.80)	-2.89%

In conclusion, we want to reiterate that our vigilant portfolio management processes will continue throughout the summer months, as our portfolio has entered a phase upon which we will look to become very close to fully invested. Although we will technically be on summer recess from university duties, we will continue to meet through various mediums. Contact amongst our Portfolio Managers and with our Executive Board will remain frequent and spirited. While we transition to a new executive board and add a new Risk Manager, we assure our members that the attention to which the portfolio must be adhered is strictly enforced.

Sincerely,

Brandon Winikates
Portfolio Manager

Dean Bumbaca
Portfolio Manager

Sam Curley
Portfolio Manager