



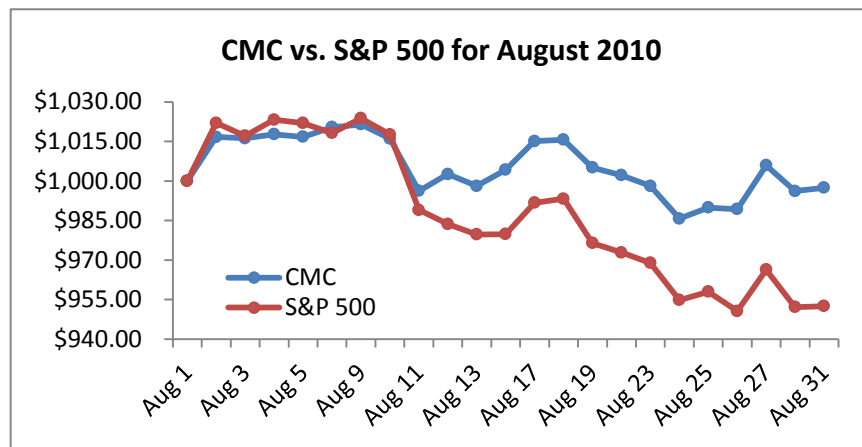
CAPITAL MANAGEMENT CLUB

September 10, 2010

Dear Members, Partners, and Friends:

The month of August generally brings little surprises. The same was true this year, as many market participants and CMC members chose to enjoy the sun over studying charts and pulling triggers. Despite a lack of sensational news, this August was marked by a decline in the market, driven largely by general woes about economic stability and recovery. Several indicators came out under par, and a better than expected jobs number did little to reverse the trend. Investors remain weary as they are more conservative than they were a few years ago and stocks are still looking for a dominant direction.

Our fund crushed the market this month, outperforming the S&P 500 by nearly 450 bps. As the S&P 500



shed 4.74%, we finished a few ticks under neutral, settling for a loss of only 0.25%. This was mainly thanks to great performance from our short holdings and various movers in the long book. While we are glad to be outperforming the S&P 500, we ultimately do seek absolute returns and are not content with these losses, however minor they may be. On the other hand, we were very content to widen the gap between our performance and our benchmark and, as always, we did it with a much lower variance while nestling a solid cash buffer.

Among the best performers were the U.S. Natural Gas Fund short (UNG), as well as Golden Star Resources (GSS), which gained 15.4%. Our new short position in Garmin (GRMN) has been off to a good start, gaining 6.66%. These positions bring great stability to our fund, and we are happy that our short book performed well this month. While the PMs remain somewhat bullish on the market, we feel that we need these positions in our portfolio to generate gains when the market goes the other way. Our cash position is great, but we would love to put the capital to use in a combination of long and short ideas.

Best August Performers						
Name	Price (Aug 1)	Value (Aug 1)	Price (Aug 31)	Value (Aug 31)	Gain/(Loss)	% Return
U.S. Natural Gas Fund (UNG)	\$ 8.26	\$ (660.80)	\$ 6.38	\$ (510.40)	\$ 150.40	22.76%
Tata Motors (TTM)	\$ 18.91	\$ 1,002.23	\$ 21.41	\$ 1,134.73	\$ 132.50	13.22%
Golden Star Resources (GSS)	\$ 4.09	\$ 818.00	\$ 4.72	\$ 944.00	\$ 126.00	15.40%
Applied Micro (AMCC)	\$ 11.96	\$ (1,196.00)	\$ 10.75	\$ (1,075.00)	\$ 121.00	10.12%
Garmin Ltd (GRMN)	\$ 28.51	\$ (997.85)	\$ 26.61	\$ (931.35)	\$ 66.50	6.66%



Our negative performers for the month were mainly tech stocks, as we saw Advanced Micro Devices (AMD), Microsoft (MSFT), and KLA-Tencor (KLAC) decline after Intel (INTC) announced that personal computer sales were slowing down and that the company would miss sales numbers for the third quarter. We hedged our downside in these securities by holding our short position in Applied Micro Circuits Corporation (AMCC), which gained 10.12% this month after getting beat up after earnings.

Worst August Performers						
Name	Price (Aug 1)	Value (Aug 1)	Price (Aug 31)	Value (Aug 31)	Gain/(Loss)	% Return
Advanced Micro Devices (AMD)	\$ 7.49	\$ 943.74	\$ 5.61	\$ 706.86	\$ (236.88)	-25.10%
Whole Foods Market (WFMI)	\$ 37.97	\$ 1,139.10	\$ 34.79	\$ 1,043.70	\$ (95.40)	-8.38%
K L A - Tencor Corp (KLAC)	\$ 31.67	\$ 728.41	\$ 28.01	\$ 644.23	\$ (84.18)	-11.56%
Microsoft Corp (MSFT)	\$ 25.81	\$ 877.54	\$ 23.47	\$ 797.98	\$ (79.56)	-9.07%
Ameren Corp (AEE)	\$ 25.37	\$ (710.36)	\$ 28.07	\$ (785.96)	\$ (75.60)	-10.64%

As our meetings ensue we would like to discuss our thoughts on the current market environment and where we would like to be in the upcoming weeks and months with regard to sector allocation. We are currently overweight in Transports, Producer Manufacturing, and Materials. We are underweight in Financials and Consumer Staples. Going forward we look to add more securities in the financial sector, as we currently lack any exposure. We believe that there are many opportunities to be found in this area and that our financials analysts can identify them. We are very overweight in the materials space; however, we think that this is beneficial to our portfolio as it contains precious metals, which have run up to near all-time highs right now and generally provide a hedge for when the markets decline. While many of our technology picks have been down in the last month, we remain bullish in the names that we hold and feel that in the coming weeks the downward trend will reverse and our theses will play out. Overall, we feel that with our current portfolio composition in place that the fund is well positioned to profit from whatever happens in the markets in the coming weeks and months.

As a new semester begins, we are adding several analysts to the club to replace those who have graduated. We feel confident that they will bring added creativity and rigor to the portfolio. Looking forward, we plan on dissecting the fund on a highly detailed level in order to completely assess the status of our holdings. From there we will be able to prune the weak limbs from the fund and start the year with new capital to invest in the fresh pitches this semester. Furthermore, we plan on assembling a repertoire of conservative options strategies which could be implemented in the near future. We would like to thank our members for their dedication to making the Capital Management Club a success and look forward to working with them in the upcoming semester.

Sincerely,



Alex Kreindler
Portfolio Manager



Brandon Winikates
Portfolio Manager



Sam Curley
Portfolio Manager

