



CAPITAL MANAGEMENT CLUB

February 2, 2010

Dear Members,

We are proud to announce the launch of UW-Madison's first undergraduate student-run investment fund. The Capital Management Club has diligently completed months of regulatory and compliance requirements for both the Securities Exchange Commission and the Wisconsin School of Business. The Capital Management Club consists of 30 hard-working business students that have teamed up with some of Madison's premier money management firms, as well as professors from UW's elite Finance Department. Supervision of investment practices has been undertaken by Finance professor Mark Fedenia of Nakoma Capital Management.

The structure and investment process of the Capital Management Club is truly the first of its kind at the storied University. Members ("Analysts") are assigned to a particular sector and are charged to become experts; discovering what drives the industry and specific companies. When an analyst has preformed sufficient research and determines an industry leader or laggard with an attractive valuation, the investment opportunity is presented to the entire club as well as the Portfolio Managers. The Portfolio Managers, three elected students with exemplary investment experience, have veto power over all portfolio additions, and their independence serves as a final check and balance to the fund. Club members operate through the week in a "sell-side" role, vigorously researching their industry. At weekly club meetings, the group transforms into a "buy-side" operation, forcefully questioning and evaluating the viability of its peer's investment recommendations.

We encourage you to carefully review our Investment Philosophy statement. Within this document, one is able to understand the core principles behind which our investments are guided. Thus far, we have approved entry of a diverse set of equities. We own shares of Green Mountain Coffee Roasters in an attempt to profit from weakened expectations of its patent holdings as well as a better-than-market evaluation of the newly acquired Diedrich Co. Through thorough analysis of nuclear plant positioning, potential cap-and trade legislation and coal generation prospects, our Utilities analysts have developed a long/short position in Exelon Corporation and Ameren Corporation, respectively. The Club has decided to offset some of its initial cash position with precious metals Gold and Silver as we average into equities. The group is particularly bullish on the global growth prospects of shipping giant UPS and has established a long position in the company. Members are similarly bullish on Tata Motors and their ability to penetrate the growing middle class of India and their need for automobiles. The group prefers semiconductors as an early cyclical play and has decided to own shares of Marvell technology group, an industry leader.

Our analysts are of the opinion that shares in the healthcare industry that are relatively removed from Government overhaul and significant patent risk, are substantially undervalued. Along this theme, we own shares of both Abbot Laboratories and Express Scripts. Furthermore, we believe Whole Foods Markets will benefit from strengthened consumer spending, revenues from new store square footage growth, and increased gross margins in the near term as US consumers witness a jolt of consumer confidence. Whole Foods has a unique position as a publicly traded natural foods provider and has been assessed to have an attractive valuation. The company's image and brand value perception will allow it to take advantage of various secular trends such as food quality, healthy living, and increased consumer awareness.



We are bullish on information protection and storage provider Iron Mountain Inc. We are attracted to their earnings growth, recurring revenue, acquisition prospects and the potential for international expansion. IRM was able to continue impressive EPS growth throughout the recession. Furthermore, management has shown an impressive ability to cut costs when necessary. While the price-to-earnings ratio may seem expensive, the stock has traded in a range of 25.1X to 50.8X trailing 12-month earnings over the last five years. IRM has displayed an impressive acquisition strategy in the storage services space that we believe will generate revenue that is mispriced by the market.

Lastly, we are in the process of acquiring a managed fund comprised of natural gas and exploration stocks. This position will be hedged with a short position in UNG, an ETF that is said to mimic the price movement in natural gas, but fails to attain adequate gains due to structural inefficiencies in the backwardation of futures contracts.

We want to thank all of our members, and potential members, for carefully considering the fund's objectives, risks and potential sources of return. We can assure you that this is a very exciting time for the members of this organization, and the Wisconsin School of Business. Not often is a student organization trusted to manage a portion of its community members' financial livelihood, while maintaining such important risk controls. Members of the fund pledge to act solely in the best interest of their investors. To ensure these actions, the portfolio has been initially capitalized solely through member's funds. We implore you to continue reading our investment recaps, market commentary and letters to shareholders. It is through this published research, as well as communication with local finance leaders and interested investors that will help us become the country's future leaders in finance. It has been a great month for the members of Capital Management Club. We are excited at the opportunity to take a hands-on approach to supplement our world-class coursework, and are proud to represent the University of Wisconsin-Madison.

Sincerely,



Brandon Winikates
Portfolio Manager



Dean Bumbaca
Portfolio Manager



Sam Curley
Portfolio Manager

