

BEACON STREET CAPITAL, LLC

INVESTMENT MANAGEMENT

Institutional-level Money Management for Individuals

April 2010

Highlights

- AUM now over \$21 million; **Institutional LCG** strategy funded 1Q2010.
- Beacon Street Capital was once again named among the **Top Gun Managers** by PSN and our strategies were ranked #1 and #2 in their category by **Money Manager Review** for the 10 Year period ending December 31, 2009.
- Volatility for our portfolios remains less than their benchmark indices. This dramatically improves the impact of compounding on long-term returns.

Our Mission: To provide a new pathway to alpha.

Our Objective: To achieve significant alpha with low volatility over a 3-5 year horizon.

Our Products: Separately Managed Accounts of individually selected large-cap growth stocks:

1. Institutional LCG
2. S&P500/Select
3. DowJones/Select

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The S&P500 Index grew +4.87% in the first quarter, its best Q1 gain since Q1 1998 when it gained +13.5%. The strongest sectors were Industrials (+12.5%), Financials (+10.8%) and Consumer Discretionary (+10.1%). Much of the quarterly gain in stocks came in March as consumer spending and inventory building strengthened. In comparison our S&P500/Select and Institutional LCG strategies that benchmark against the S&P500 Index had net gains of +2% and +3.1%, respectively. Our DowJones/Select, which benchmarks against the Dow Jones Industrial Average, gained +1.8% versus a gain of +4.1% for the Dow. The underperformance in each of our strategies this quarter was due to an over-weight in cash for our retail accounts (the institutional strategy stays fully invested) and under-weightings in the top three performing sectors. However, in terms of judging performance three years should be a minimum. To judge how conservative our investment strategy is one should evaluate performance in a down market. Over the past three years, a period in which the S&P500 Index encountered extreme volatility for a net loss of 12%, our three strategies actually gained on average more than 1%, beating the S&P 500 by an average of 13%, and with less volatility.

Although we are “growth” managers we seek growth at a reasonable price by taking advantage of market pricing inefficiencies that occur when financial data is released. In the first quarter those opportunities were rare as many stocks spiked up in price on earnings announcements that beat analyst expectations. A stock up 5% or more at the opening of trading is not one we choose to chase. In addition, balance sheets have been so distorted over the past two quarters from rapid adjustments to inventory and debt levels that it has been difficult to ascertain whether improvements in growth potential are sustainable beyond the current quarter. Rather than overpaying for uncertainty we chose to wait for better opportunities. We believe investing is a long-term pursuit and that risk of permanent capital loss should be minimized by a margin of safety associated with capturing growth potential at a reasonable price.

Best Regards,

BEACON STREET CAPITAL, LLC

All results are unaudited and net of fees. Composite returns began January 2002 for the S&P500/Select and April 2002 for the DowJones/Select, are asset weighted and net of fees. Returns prior to November 2001 and March 2002 are total returns for model portfolios managed by Beacon Street Research, Inc., an affiliated company, on a real-time basis using the same methodology and manager, with stocks selected from those comprising the Standard & Poor's 500-Stock Index and Dow Jones Industrial Average. Past performance is no indication or guarantee of future performance.

This document and the information contained herein are not and should not be construed as an offer to sell securities. This document is for information purposes only and does not represent an offer or solicitation to purchase securities of any kind. While Beacon Street Capital, LLC has taken reasonable efforts to ensure the correctness of the information contained herein, Beacon Street Capital, LLC makes no representations or warranties as to the accuracy or completeness of such information. Nothing contained herein is, or should be relied on as, a promise, representation or prediction as to future performance. Beacon Street Capital, LLC, its employees, officers or affiliates may, in some instances, have long or short positions or holdings in the securities or other related investments of companies mentioned herein.

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Exhibit 1: DowJones/Select

Top Ten Holdings

McDonald's Corp	9.9%
Travelers Cos.	7.7%
Microsoft Corp.	7.3%
Hewlett-Packard	7.2%
Caterpillar Inc	7.0%
Procter & Gamble Co	7.0%
Merck & Co.	6.9%
Johnson & Johnson	6.7%
Verizon Comm.	6.6%
Coca-Cola	6.4%

Exhibit 2: S&P500/Select

Top Ten Holdings

Apple Inc	3.9%
McDonald's Corp.	2.2%
Freeport McMoran	2.2%
Microsoft Corp	2.2%
Raytheon	2.2%
Travelers	2.2%
Pepsico	2.1%
Altria Group	2.0%
Diamond Offshore	2.0%
Hershey	2.0%

Market Insights

The equity markets have obviously recovered substantially from the low point observed in March of 2009, having been led for the most part by the lower quality companies that had suffered the most in the downturn that led to those 2009 lows. Additionally, the economy as measured by Gross Domestic Product (GDP) has also turned a corner and increased rather robustly in the second half of 2009 amid inventory restocking and probably also rose at a fairly vigorous clip in the first quarter of 2010. We will get preliminary figures on first quarter 2010 GDP and revised fourth quarter 2009 GDP in the final week of April. With this as a background there are numerous factors that we believe merit watching and that could influence the direction of the economy and the markets in the coming quarters.

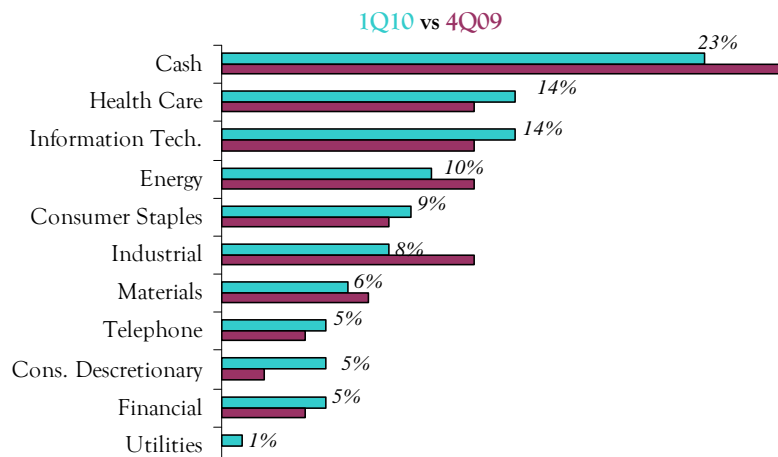
Our portfolio construction has continued to include a healthy dose of cash through the just ended quarter indicating some headwinds and increasing clouds on the horizon that offset some of the positive signs we have both observed and anticipate. The good news on the economic front is that corporate balance sheets are stronger than they have been in years and more companies are producing goods for end buyers rather than the restocking of inventory. Companies are also starting to increase earnings through higher sales and top-line growth rather than purely via cost-cutting. However, capital spending has continued to decline in recent quarters.

Several employment trends point to slow but continuous improvement in the labor markets and if the economy continues to grow the unemployment rate should begin to decline over the next few quarters. Employment remains an area of concern and attention due to its importance for consumer spending and overall demand.

Consumer confidence remains above the low point set in the depths of the recession but has not been able to push to substantially higher levels. Despite the disappointing confidence levels, consumers have begun to spend a bit more in recent months and overall consumer spending expanded on a year-over-year basis in the fourth quarter of 2009 for the first time in six quarters. Hopefully, the recently ended quarter will show similar spending numbers.

Another positive factor to be noted is the expansion of leading economic indicators

Exhibit 3: S&P500/Select Sector Weighting



in the just ended quarter. These indicators for the developed world expanded at their fastest rate in more than three decades in the quarter giving more hope that the recession is behind us. While the three month rate of change in the leading indicators has slowed a bit recently, the strong annual growth rate gives us reason to look for continued economic improvement in the coming months.

As noted above, however, all is not rosy and there are some remaining clouds on the horizon that we must still contend with. First of all, much of the initial and tentative improvement in the economy has been driven by government stimulus operations that have ended or that will be ending in the near future. These programs do not add permanently to economic growth and essentially rob Peter to pay Paul for short term expansion. These programs include “Cash for Clunkers” which expired in September 2009, the mortgage-backed securities purchase program by the Federal Reserve that expired in March 2010 and the first-time homebuyer credits that are set to expire this month. This last credit may be extended for a few months but will certainly end sometime in the first half of the year. The second concern is in regard to oil and other commodity prices. Oil has been hovering near \$80 a barrel for the past few months but if economic growth continues and developed and developing countries expand there is a possibility we could see higher oil prices. Alternative energy sources have received increasing investment globally but at this point the supply of energy from these sources is not large enough to prevent a spike in oil prices if energy demand increases appreciably with further expansion of the global economy. Metals and agricultural commodities are also not immune from increases due to rising demand.

Additionally, one of the largest medium-to-long-term concerns relates to Washington and the ramp-up in borrowing facing the country as a result of not only the expansion of existing Federal programs but also the passage of legislation creating new expensive entitlement programs at a time when we simply cannot afford them due to the economic downturn. Leaders of both political parties have failed to address the major long-term fiscal issues facing the country. And these issues have been exacerbated with the recent passage of the health care legislation that will almost certainly cost more than advertized. Taxes will have to rise not insignificantly on all levels of earners in order to make even a dent in the fiscal issues we face. And raising taxes is not the way to grow an economy, especially one that is in the fragile early stages of recovery. Stay tuned – this most certainly will get very interesting.

Our investment discipline remains unchanged even though the larger-cap stocks we choose for our clients have lagged the market indices as lower quality companies have recently led the way. We will continue to seek out financially sound companies that not only pass our hurdles for quality but also display positive internal growth potential which will be necessary to grow the assets and the wealth of our clients.

*Herron P. Weems
Managing Director*

Performance Summary

DowJones/Select: This strategy is designed for conservative investors who seek excess benchmark returns, with low turnover and low volatility, from blue chip stocks that pay consistent dividends. We use the Dow Jones Industrial Average

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(DJIA) as our benchmark and primary source of stocks for this strategy because it is widely followed by the public and rarely beaten by bank trust departments and investment counseling organizations.

We have now completed eight full years managing this strategy and those who think ETF's are the best approach to investing in stocks should take another look. The net gain since inception for our DowJones/*Select* is 25% versus a 4.4% gain for the DJIA. Turnover has averaged 23% and volatility, as measured by the standard deviation, is 26% lower than the DJIA.

Exhibit 4: Comparison Chart

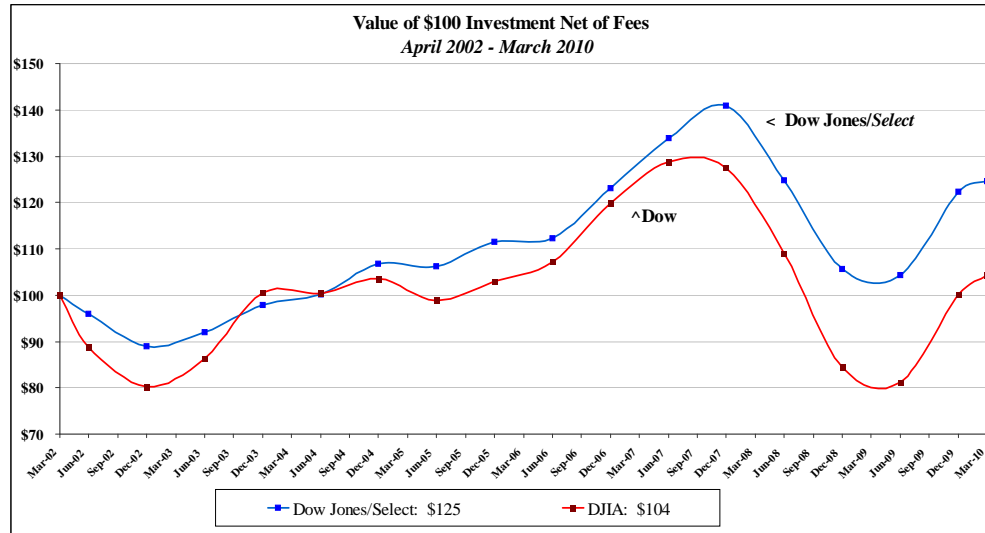


Exhibit 5: Net Returns for the period ending March 31, 2010

	1Q10	1Year	5Yr. Avg.	Total Since Inception
DowJones/Select	1.82%	30.00%	2.82%	24.99%
Dow Jones Ind. Avg.	4.11%	42.66%	0.66%	4.35%

Exhibit 6: Rolling 3-Year Annualized Excess Returns

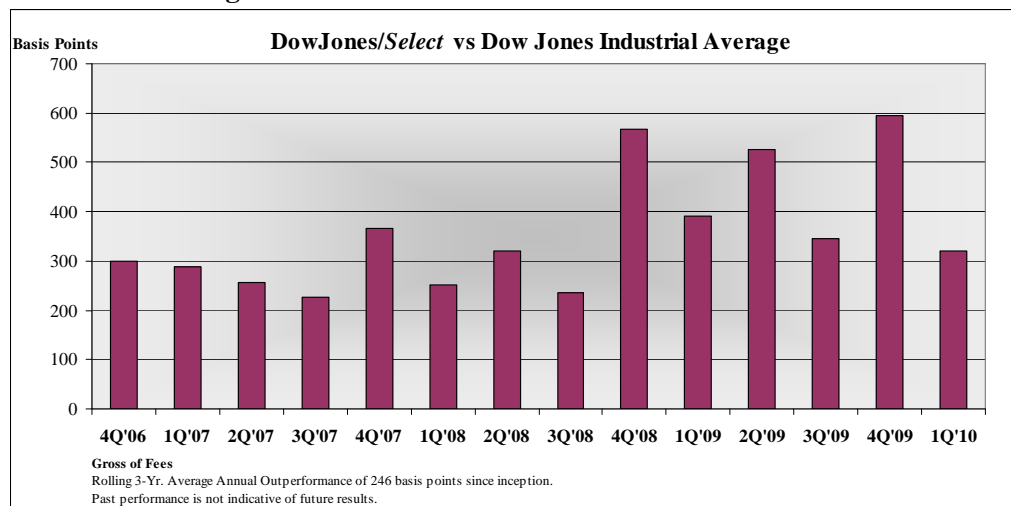


Exhibit 7: 5 Year Statistics (April 2005 – March 2010)				
DowJones/Select vs S&P500 Index				
Alpha	Standard Deviation	Tracking Error	Sharpe Ratio	Information Ratio
1.36%	11.81 vs 16.57	7.94	0.10	0.24

Source: Informa Investment Solutions

S&P 500/Select: This strategy is designed for investors who seek greater diversification with companies that reinvest much, if not all, of their earnings back into the business in order to compound growth for shareholders rather than pay those earnings out as dividends. While we seek growth we default to cash when few stocks are showing positive growth potential. In the past, this has happened prior to major market downturns, thus we tend to do best in a bear market and a slowly trending bull market. We do less well in rapidly moving markets that are transitioning from a bear to a bull market. These are driven by speculation which creates a “V” type advance. In this environment, the value of a stock’s new growth premium is often compromised by a too rapid change in price.

The intent with all our strategies is to add value by analyzing companies from a balance sheet perspective which allows us to capture growth potential while holding down risk as much as possible with a margin of safety created from market inefficiencies. For the S&P500/Select the result is excess benchmark returns with low turnover (52% since inception compared to over 100% for typical growth managers) and volatility that is 12% lower than the benchmark. With that in mind the first quarter and longer-term composite performance for this Large Cap Growth product can be seen in Exhibits 8, 9, 10 and 11.

Exhibit 8: Comparison Chart

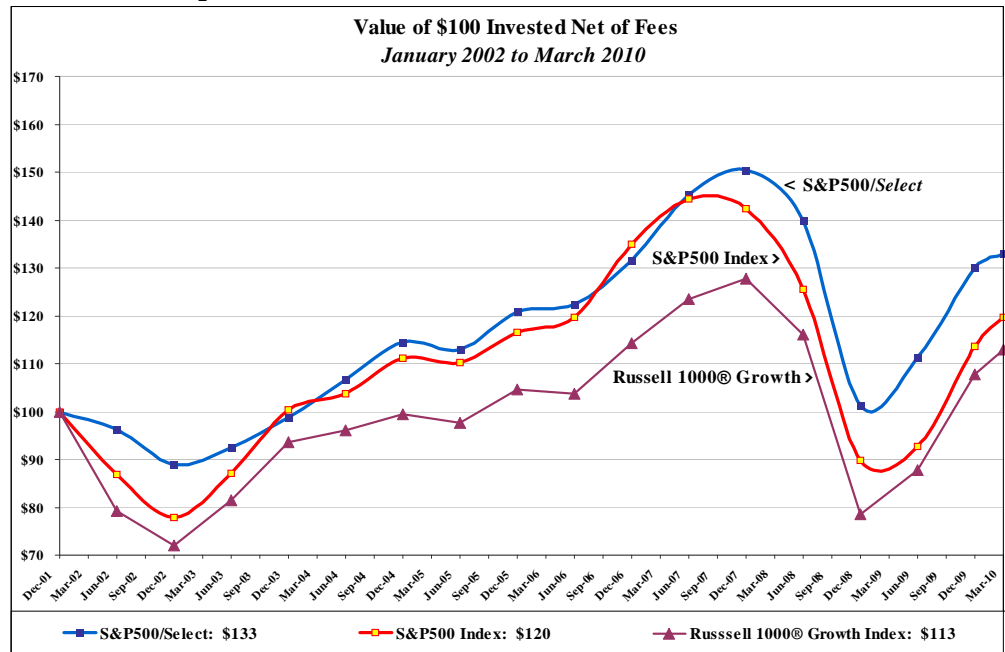


Exhibit 9: Returns for the period ending March 31, 2010

	1Q10	1Year	5Yr. Avg.	Total Since Inception
S&P500/Select	2.11%	35.50%	3.17%	32.80%
S&P500 Index	5.39%	49.77%	1.92%	19.60%
Russell 1000® Growth Index	4.65%	49.75%	3.42%	12.87%

Exhibit 10: Rolling 3-Year Annualized Excess Returns

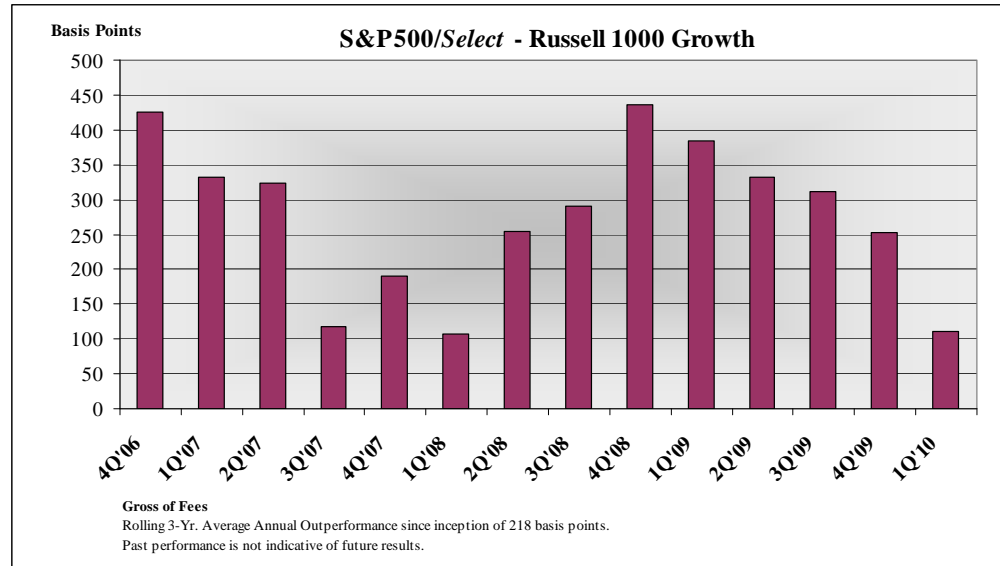


Exhibit 11: 5 Year Statistics (April 2005 – March 2010)

S&P500/Select vs Russell 1000® Growth				
Alpha	Standard Deviation	Tracking Error	Sharpe Ratio	Information Ratio
1.60%	14.46 vs 16.57	6.35	0.11	0.30

Source: Informa Investment Solutions

Institutional LCG:

Institutional investors seek to gain *alpha* with a high benchmark correlation. They require managers to be fully invested and the increased volatility will be offset by other investment products. Therefore we created an institutional product where past performance consisted of actual real time transactions (stocks, price and date) of the S&P500/Select product with the quantities adjusted to reflect full investment each quarter. Assets were added to this strategy in the first quarter of 2010 so going forward returns will reflect the products own trades.

Exhibit 12: Comparison Chart

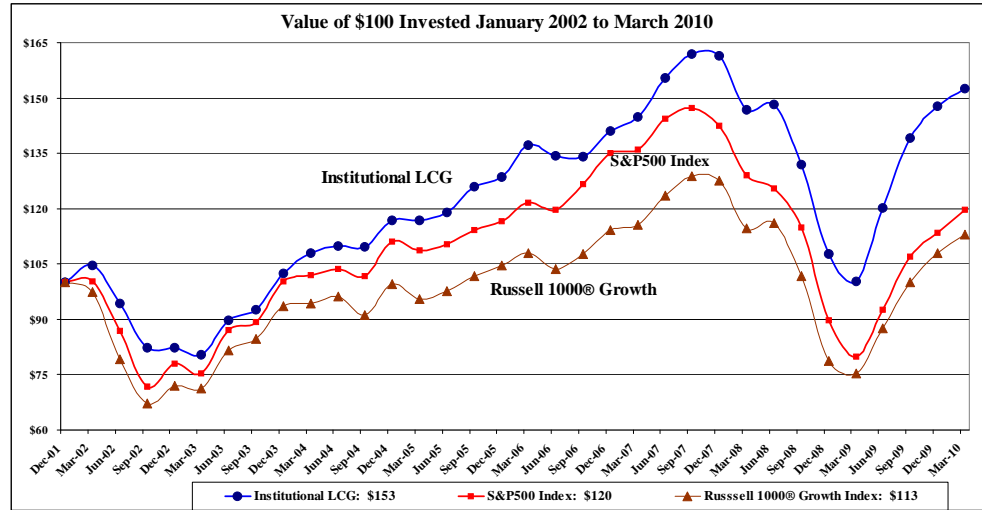


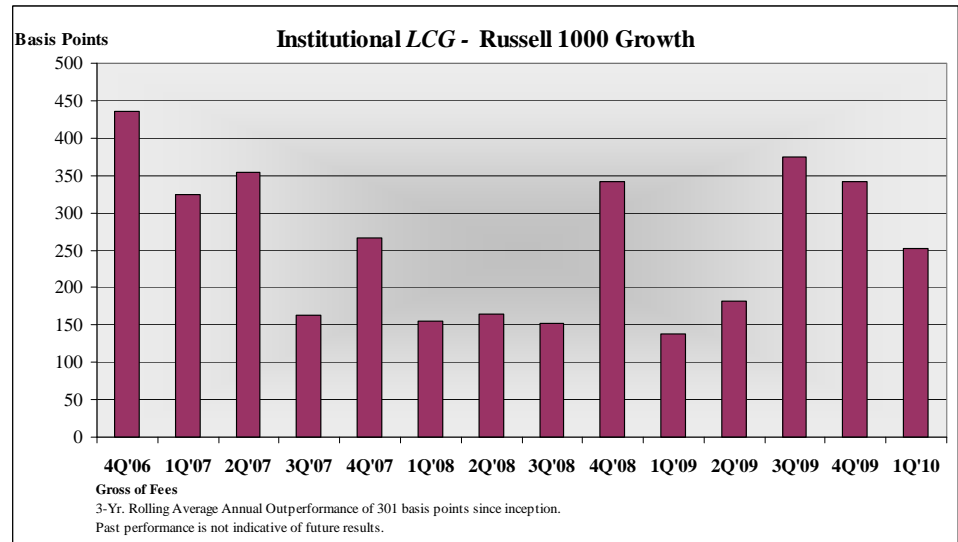
Exhibit 13 gives various period return comparisons versus the S&P 500 and the Russell 1000® Index while Exhibit 14 shows the excess returns achieved against the Russell 1000® Growth benchmark on a rolling 3-year basis. Furthermore, 5-year average annual turnover is 54% which is one-third to one-half that of a typical growth fund.

Exhibit 13: Returns for the period ending March 31, 2010

	1Q10	1Year	5Yr. Avg.	Total Since Inception
Institutional LCG	3.02%	50.06%	4.44%	40.90%
S&P500 Index	5.39%	49.77%	1.92%	19.60%
Russell 1000® Growth Index	4.65%	49.75%	3.42%	12.87%

Source: Informa Investment Solutions

Exhibit 14: Rolling 3-Year Annualized Excess Returns



As Exhibit 15 illustrates, excess return over the benchmark (alpha) is attained with a high correlation (RSQR) to the benchmark, but with a higher standard deviation (volatility) as well.

Exhibit 15: 5 Year Statistics (April 2005 – March 2010)					
Institutional LCG vs Russell 1000® Growth					
Alpha	RSQR	Standard Deviation	Tracking Error	Sharpe Ratio	Information Ratio
2.99%	.93	16.82 vs 16.57	4.59	0.17	0.68

Source: *Informa Investment Solutions*

About the Firm

Beacon Street Capital, LLC, provides affluent individuals, business professionals and foundations in the Southeast with a conservative, consistent, long-term approach to managing money that has generated excess returns with reduced volatility. Our strategy reflects sound investing principles, delivered with a sophisticated level of financial services. We believe our clients deserve nothing less.

We select for our client's individual equity securities that show positive internal growth potential and financial strength. These securities are actively monitored and held by an independent custodian in a Separately Managed Account, and we provide detailed quarterly updates to each client of their holdings and performance.

Whether growing assets for retirement or building a family estate, we believe that wealth properly managed is wealth with a future. Please contact us to explore how we can help you with this process.

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Definitions:

¹ *Standard Deviation*: A measure of volatility, or the range of a portfolio's performance. The more an investment's return varies from its average, the higher the standard deviation. Unlike *beta*, which measures volatility relative to the market, standard deviation is a measure of total risk, or the total variation of the return. The lower the standard deviation the lower the risk, or volatility of the portfolio.

² *Sharpe Ratio*: A measure of risk-adjusted return. The Sharpe Ratio incorporates the standard deviation and the excess returns over 90-day Treasury bills to measure the reward per unit of risk. The higher the ratio over 0.0 the better the investment's historical risk-adjusted performance.

³ *Information Ratio*: One of the most important tools for measuring the performance of an active manager against an appropriate benchmark. It is the ratio of excess returns to standard deviation of excess returns of the portfolio, and is used to estimate the return added by the manager for each 1% of risk added by the manager. A 5-year average *Information Ratio* over 0.50 is considered "good", over 0.75 "very good", and over 1.00 "exceptional".

⁴ *Beta*: Measures volatility in relation to the benchmark (or market). A portfolio with a *beta* of 1.5 means that the portfolio return is expected to move 1.5 times the benchmark return. If the benchmark return is 10%, the portfolio return is expected to be 15%. If the benchmark return is -10%, the portfolio return is expected to be -15%. A low *beta* represents lower volatility, which is often associated with low returns; a high *beta* represents higher volatility, which is often associated with high returns. It is unusual to have a combination of high returns and low volatility. However, a good manager picking outstanding stocks can provide excess returns without adding excess risk. This is call "adding *alpha*".

⁵ *Alpha*: Measures the return added by the manager. It is the excess return over the benchmark return, adjusted for volatility.

⁶ *R-Square*: Measures the correlation between the portfolio return and the benchmark return, or how well they fit from a statistical standpoint. A correlation of a 1.00 means a perfect fit and any number over .70 means the *Alpha* and *Beta* measurements are meaningful.

⁷ *Tracking Error*: The standard deviation of the excess returns. The lower the tracking error the lower the risk.

⁸ *Russell-1000® Growth Index*: This Index is more representative of the overall large capitalization market and thus more representative of our investment style. It is also widely used by institutional consultants, such as *Informa Investment Solutions Inc.*, which tracks and reports our performance through its *PNS Manager Database*, when seeking investment managers for their clients.