



AIM Quarterly

AIM XXVIII

aim.nd.edu

April 23, 2009

WRAPPING UP AIM XXVIII

As the academic year winds down and graduation looms, there is still some work to be done for AIM XXVIII. Last week, we made the final pitches on all the stocks that were covered and after some long debates and close votes, 14 of the existing 26 stocks in the portfolio were sold to make way for new stocks from the second round. After the composition of the portfolio was decided; it was off to Chicago for our class trip. We had a great time in Chicago with a well attended dinner at Maggiano's on Thursday and a full day of lively and informative meetings on Friday.

Still on tap for AIM XXVIII are the advisory board presentation next week and the handover of the new portfolio to AIM XXIX. The class would like to thank Professors Langley, McDonald, Reilly and Trubac for their patience and support while at the same time making AIM XXVIII a memorable experience for all of us.

PROFILE OF AIM XXVIII

Analyst	E-Mail	First Stock	Second Stock
Abbott, Christopher	cabbott@nd.edu	United Health	Alexander & Baldwin
Adair, Justin	jadair@nd.edu	Dentsply Intl.	EPIQ Systems
Amstutz, Pete	pamstutz@nd.edu	Norfolk Southern	Archer-Daniels Midland
Andersen, Michael	mander20@nd.edu	Southwest	Callaway
Barker, Brad	bbarker2@nd.edu	Progress Energy	Thoratec
Bligh, Carrick	cbligh@nd.edu	Ormat Tech.	Chubb
Breitfelder, Corey	cbreitfe@nd.edu	Apple	Colgate-Palmolive
Cannon, Doug	dcannon1@nd.edu	AT&T	Granite Construction
Cantwell, Matthew	mcantwel@nd.edu	Barrick Gold	Freemont-McMoran
Doi, Takashi	tdoi1@nd.edu	Goldman Sachs	Coach
Filipov, Ilija	ifilipov@nd.edu	Exxon Mobil	Apollo

Fusco, Joseph	jfusco@nd.edu	Yum! Brands	DreamWorks
Gori, Nathaniel	ngori@nd.edu	Tupperware	Xilinx
Hill, Andrew	ahill8@nd.edu	Graco	Ford
Lazzeri, Ryan	rlazzeri@nd.edu	McGraw Hill	Aqua America
Liao, William	pliao@nd.edu	Walgreens	Gamestop
Lunt, Michael	mlunt@nd.edu	EMC Corp.	Nabors
Nelson, Kyle	knelson4@nd.edu	Republic Services	U.S. Steel
Recendez, Joe	jrecend1@nd.edu	Cabelas	DaVita
Rodgers, Jeffrey	jrodger2@nd.edu	Caterpillar	AvalonBay
Smitham, Geoff	gsmitha1@nd.edu	Bflo. Wild Wings	DirectTV Group
Snover, Marc	msnover@nd.edu	BJ Services	Cracker Barrel
Srinivasan, Steve	ssriniva@nd.edu	Zimmer Hldgs	AON
Tracey, Ryan	rtracey@nd.edu	EcoLab	Nike
Travnicek, Peter	ptravnic@nd.edu	Zhongpin	NVR Inc
Yergensen, Drew	dyergens@nd.edu	Pharm. Product Dev	General Electric
Ziener, Christopher	dziener@nd.edu	Coca-Cola	Dupont

IN MEMORY OF ARTHUR E. ODUMA (AIM XVI, Class of 2003)



A member of the AIM family, Arthur E. Oduma, passed away before March 9, 2009 when his body was found in his apartment in Cambridge, MA. A native of Kenya, Arthur attended the Mendoza College of Business between 2001 and 2003. After graduating, he spent five years working for Morningstar in Chicago as a Senior Equity Analyst. During his time in Chicago he was known by industry colleagues, and the media, as the Real Estate Investment Trust (REIT) expert. There is no shortage of compliments and positive remarks people have to say about Arthur, both as an industry professional, and as a person. Our condolences go out to Arthur's friends and family. He will be missed by the AIM family as well.

ALUMNI UPDATES

The members of the AIM XXVI, Class of 2008, who went on to Sales & Trading roles have now found desks. Aldo Arcieri is on the Investment Grade Fixed Income Sales desk at UBS. Mousa Kolahdooz is on the Emerging Markets Fixed Income Sales Desk at Citigroup. Brett Thomas is on the Spot FX Trading Desk at UBS. Last but not least, Jake Wagner now sits on the Investment Grade Fixed Income Trading Desk at Bank of America.

Members of AIM XXIV, Class of 2007, Scott Adams and Matt Quarello have both been promoted to Vice President and Associate Director respectively. Scott is now in Credit Sales at Cantor Fitzgerald and Matt is trading Credit Indexes at UBS.

Alan Rambaldini: AIM XXIV, Class of 2007

Alan has been working as an equity analyst at Morningstar Inc. in Chicago since his graduation from the MBA program in 2007. Initially assigned to cover the life insurance industry, he has since added coverage of reinsurers, asset managers, as well as bank technology firms to his resume. The highlight of his stint at Morningstar so far was going to the Berkshire Hathaway annual general meeting in Omaha in 2008.

David Sturgess: AIM XXII, Class of 2006

Dave spent the last 2 ½ years working for Kraft Foods in Corporate Finance. Currently he is the Finance Manager for the distribution and transportation network for the Pizza Business Unit. His responsibilities include asset management, budgeting & forecasting, network development and optimization and productivity.

Humberto Kravetz: AIM XXII, Class of 2006

In the past year Humberto was married in Spain and has since moved back to Chile. He is working with several start-up companies to accelerate their development, including assisting in the use of government seed money. He is also helping international companies set up their operations in Chile.

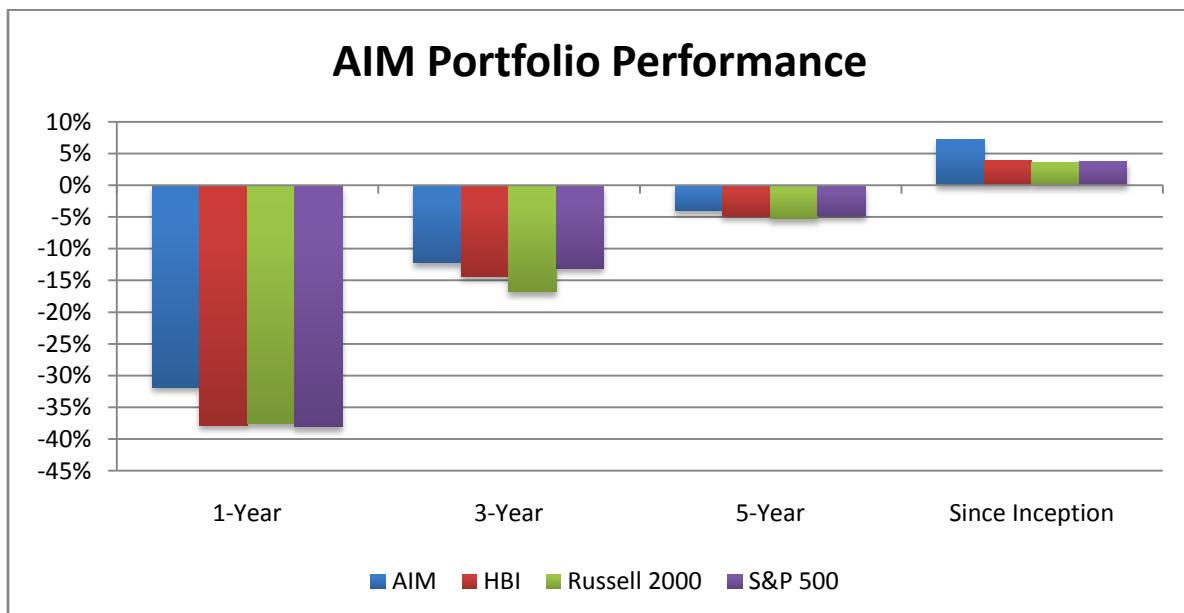
AIM HITS THE ROAD...



Frequent travel delays combined with this year's Blue/Gold game schedule had the class staying a bit closer to home than in years past. On April 16th and 17th AIM XXVIII was in Chicago to meet with AIM alumni and other financial professionals at area firms. The schedule had the troops spending the morning of the 17th with Joe Elegante of Alliance Capital followed by Jerry Castellini of CastleArk. Lunch was spent with Matt Hooker of Citadel. Capping off the day was a real estate presentation at Transwestern Investment Company. We were all eager to get a glimpse of the real world and picked up some pointers on how to best navigate the treacherous water that is modern finance. A special thanks to the over 25 alumni who came out to Maggiano's on Thursday to meet the current class!

AIM PORTFOLIO PERFORMANCE AS OF 3/31/2009

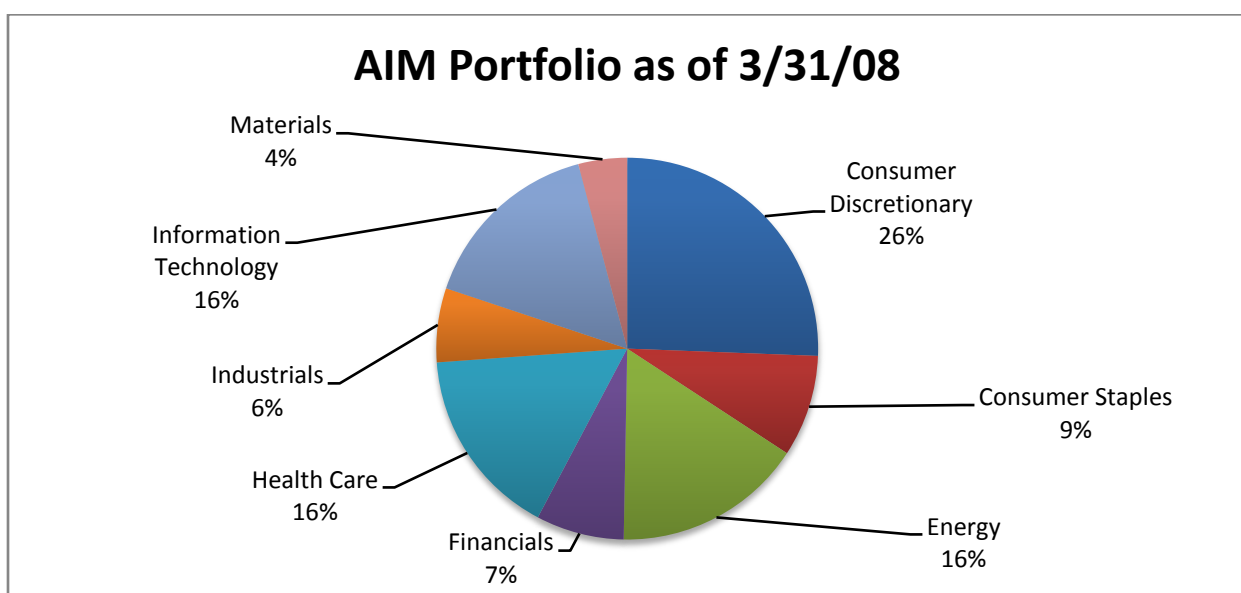
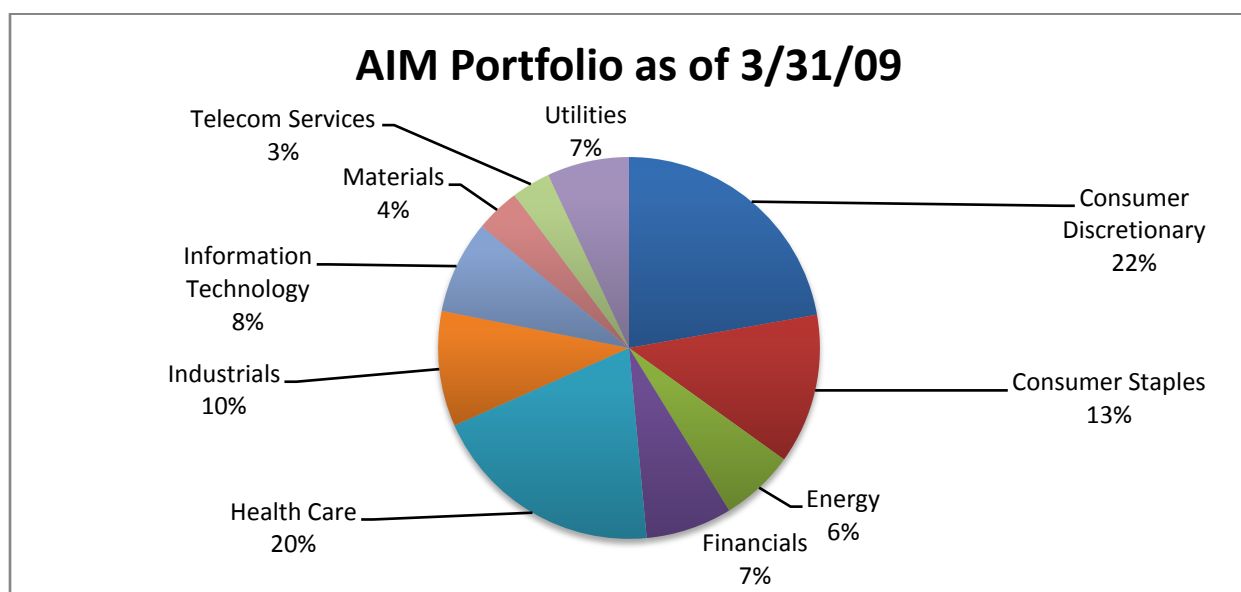
The AIM portfolio has performed slightly better than the benchmark indices over 1, 3, & 5 year timeframes. Since inception (January, 1996) the AIM portfolio has returned 7.15% and has outperformed the S&P 500, Russell 2000, and HBI which returned 3.77%, 3.57%, and 3.89% respectively.



Market Value & Industry Composition

As of March 31, 2009, the market capitalization of the AIM portfolio sat at \$3,192,646 with cash on hand of \$33,708. Of this amount, 16% was invested in small-cap equities (less than \$1B), 26% in mid-cap equities (\$1-5B), and 58% in large-cap equities (greater than \$5B). 1 year prior to this the portfolio's market capitalization breakdown was identical: 16% small-cap, 26% mid-cap, and 58% large-cap.

With regards to industry composition the following charts show the relevant changes that have taken place over the last year:



ECONOMIC OUTLOOK

Since the 4th quarter of 2008, we have seen the rapid decrease in the inflation rate worldwide due to falling oil and commodities prices and aggregate demand worldwide. In some economies, such as the United States, we have even seen the increased risk of deflation. The US inflation rate fell to 0.24 % in February, 2009. In the euro area, inflation rates have dropped to their lowest points since 1999, however February presented a slight uptick from January, as inflation increased slightly from 1.1% to 1.2%, respectively. In China, consumer prices dropped 1.6% in February due primarily to metal and oil price decreases caused by global economic conditions.

In the U.S., the Fed has lowered the short-term lending rate to effectively zero, and further addressed the yield curve by declaring their intention to purchase \$300 billion in Treasury notes maturing over the next seven to ten years. The purpose of this action is to keep rates low and spur consumer and business lending. This has partially offset the credit crunch, still very much in effect with AAA spreads to 10-year Treasuries of 210 bps and single-A spreads over 290 bps.

Global GDP is expected to fall to .5%, down from 3.4% in 2008. GDP for advanced economies is forecasted to decline by 2%. In the U.S., GDP was down 4.5% YOY in 4Q08, and is projected to fall by 3.3% and .8%, respectively, in the first two quarters of 2009 before reaching positive growth. Worldwide, Chinese real GDP growth, at 13% in 2007, fell to 9% in 2008 and is projected at just 6% in 2009; Morgan Stanley projects Indian GDP growth slowing from over 8% to just 4.3% in FY09. European GDP is projected to contract 2% in FY09. Unemployment in the U.S. is predicted to climb from 7% to over 10% in the U.S. by the fourth quarter of 2009.

The housing markets have provided a glimmer of hope in February, as housing permits and starts increased 3.0% and 22.2%, respectively, over January 2009. However these numbers are still well below February 2008 figures, with February 2009 permits having declined 44.2% and starts down 47.3%. There is further reason to be cautious that the industry has bottomed out, as February home sales are primarily due to tax incentives for first time home buyers, as well as a Federal Reserve-engineered decline in mortgage rates, bringing the national average on a 30-year fixed rate loan to only 4.85%. Clearly the Federal Reserve can only lower rates to a point, before inflation worries set in. It remains to be seen if February's housing rebound can withstand the loss of these incentives.

For the AIM portfolio, these numbers highlight that even global diversification will not help most stocks escape the effects of a recessionary environment. Consumer discretionary stocks, and those exposed to the real estate and durable goods market are especially exposed, as are those companies with significant debt refinancing required in the near term.

CURRENT AIM PORTFOLIO as of 4/17/09

Company Name	Ticker Symbol	# of Shares	Cost	Price	Market Value	Unrealized Gain/Loss	Analyst
Aqua America, Inc	WTR	6,800	\$128,496	\$18.88	\$128,384	(\$112)	Ryan Lazzeri
Archer Daniels Midland Co	ADM	5,000	\$130,230	\$24.62	\$123,100	(\$7,130)	Pete Amstutz
Alexander & Baldwin Inc	AXB	5,700	\$137,872	\$23.24	\$132,468	(\$5,404)	Chris Abbott
AT&T, Inc.	T	4,500	\$123,020	\$25.29	\$113,805	(\$9,215)	Doug Cannon
Cabelas, Inc.	CAB	17,000	\$249,716	\$11.09	\$188,530	(\$61,186)	Joe Recendez

Chubb Corp	CB	3,000	\$129,297	\$40.32	\$120,960	(\$8,337)	Carrick Bligh
Coach Inc	COH	7,200	\$134,179	\$18.23	\$131,256	(\$2,933)	Takashi Doi
Coca Cola Co.	KO	2,700	\$122,333	\$44.33	\$1119,691	(\$2,642)	Chris Ziener
Colgate Palmolive Co	CL	2,300	\$135,771	\$60.48	\$139,104	\$3,332	Corey Breitfelder
Cracker Barrel Old Country Store Inc	CBRL	4,100	\$129,122	\$32.13	\$131,733	\$2,611	Marc Snover
Davita Inc	DVA	2,900	\$128,535	\$43.56	\$131,256	(\$2,211)	Joe Recendez
Ecolab, Inc.	ECL	3,300	\$115,614	\$37.44	\$123,552	\$7,938	Ryan Tracey
Epiq Systems Inc	EPIQ	7,800	\$130,351	\$16.08	\$125,424	(\$4,927)	Justin Adair
Exxon Mobil Corp.	XOM	1,800	\$85,721	\$65.29	\$117,522	\$31,800	Ilija Filipov
Ford Motor Co	F	32,300	\$131,138	\$3.69	\$119,187	(\$11,951)	Drew Hill
General Electric Co	GE	10,900	\$130,037	\$11.35	\$123,715	(\$6,322)	Drew Yergensen
McGraw Hill Cos., Inc.	MHP	5,200	\$247,727	\$27.63	\$143,676	(\$104,051)	Ryan Lazzeri
Nabors, Inc.	NBR	9,800	\$133,331	\$13.41	\$131,418	(\$1,912)	Michael Lunt
Nike, Inc.	NKE	2,500	\$131,153	\$52.36	\$130,900	(\$253)	Ryan Tracey
Progress Energy, Inc.	PGN	3,100	\$129,715	\$34.38	\$106,578	(\$23,137)	Brad Barker
Republic Services, Inc.	RSG	6,300	\$185,175	\$19.49	\$122,787	(\$62,388)	Kyle Nelson
Thoratec Corp.	THOR	4,500	\$100,310	\$26.46	\$113,805	\$18,760	Brad Barker
United Health Group, Inc.	UNH	6,000	\$199,443	\$24.21	\$145,260	(\$54,182)	Chris Abbott
Walgreen Co.	WAG	5,200	\$183,093	\$30.10	\$156,520	(\$26,573)	William Liao
Xilinx, Inc.	XLNX	6,300	\$133,281	\$20.57	\$129,591	(\$3,690)	Nathaniel Gori
Zhongpin, Inc.	HOGS	17,000	\$170,157	\$9.16	\$155,720	(\$14,437)	Pete Travnicek
Zimmer Holdings, Inc.	ZMH	3,200	\$161,815	\$36.40	\$116,800	(\$45,015)	Steve Srinivasan
Proshares Ultra Health Care	RXL	160	\$4,860	\$30.21	\$4,834	(\$27)	AIM XXVIII
Proshares Ultrashort Real Estate	SRS	160	\$5,120	\$33.24	\$5,318	\$199	AIM XXVIII

Total Equity Investments	\$3,764,800	\$3,416,427	(\$348,373)
Cash Holdings	\$37,527	\$37,527	
Total Investment	\$3,802,327	\$3,453,954	(\$348,373)