



AIM Quarterly

4th Quarter 2008 by the AIM XXVI Class

AIM XXVI UPDATE

AIM XXVI is rapidly coming to a close, and analysts have a host of valuable and memorable experiences to reflect upon. The class trip to Boston was quite the adventure, complete with multiple flight cancellations and delays. Analysts' heads first touched their hotel pillows in Boston at 4:30 am and met in the lobby three hours later to head to Bain Capital for meetings with Sankaty Advisors and members of the LBO group. The class also heard presentations from BNY Mellon, Summit Partners and Geologic Resources, each of which offered analysts unique insights into current market dynamics as well as diverse opinions regarding future macro conditions. The class was also treated to a fantastic evening with AIM alumni over dinner. The event provided an opportunity for current analysts to network and garner valuable advice from Domers in the professional ranks that we will soon enter. True to form though, when it came time to return to the Bend, our 8:30am arrival at Logan was met with another cancellation. The class ended up splitting into smaller groups and taking any number of different itineraries back home. The first group arrived on campus at 8:30pm by flying to Indianapolis and renting a van. The final group returned at 4:30am via Raleigh and Chicago and a car rental!

Second, valuations and final portfolio decisions have been completed and analysts are preparing for the Advisory Board presentation (April 28) and handing the portfolio over to AIM XXVII. Our class is so very grateful for the opportunities and lessons that AIM has provided us, as well as for the close relationships that have developed as a result of the class. We are looking forward to entering the ranks of AIM alumni, keeping tabs on one another's development, and being able to provide advice and mentorship to future classes.

AIM XXVI would like to thank Professors Reilly, Langley, McDonald, and Trubac for the mentorship, knowledge, guidance and patience that they imparted on us. The lessons learned are sure to serve us well beginning this summer and beyond as we begin our careers. Additionally, we thank the Investment Office for helping us evaluate our portfolio's performance, execute trades, and coordinate our trip to Boston.

CURRENT PROFILE OF AIM XXVI

Last	E-mail	First Stock	Second Stock	Plans After Graduation	Location
Aldo Arcieri	aarcieri@nd.edu	Zimmer Holdings	Intercontinental Exchange, Inc	UBS Investment Bank	Stamford, CT
Adam Ashley	aaashley3@nd.edu	McGraw-Hill	Huron Consulting Group	Undecided	-
Todd Borgmann	lborbman@nd.edu	Exxon/Mobil	Toll Brothers Inc	Undecided	-
Eric Crawford	ecrawfor1@nd.edu	YRC Worldwide	Weyerhaeuser Co	UBS Investment Bank	New York, NY
Andy Frey	afrey@nd.edu	BJ Services	Aptar Group Inc	Undecided	-
Hunter Johnson	hjohnso5@nd.edu	Pepsico	Sun Hydraulics Corp	AT&T	San Antonio, TX
Barry Kessler	bkessle1@nd.edu	Vaalco Energy	El Paso Corporation	Simmons and Company	Houston, TX
Mousa Kolahdooz	mkolahdo@nd.edu	Tupperware Brands	EMC Corp	Citigroup	New York, NY
Matt Korcinsky	mkorcins@nd.edu	Pharmaceutical Products	Republic Services Inc	Undecided	-
Eric Larsson	elarsson@nd.edu	Barrick Gold	Kirby Corp	IBM	Somers, NY
Bob Manley	rmanley1@nd.edu	LOOPNet	Ameron International Corp	Undecided	-
Jim McGovern	jmcgover@nd.edu	PMI Group	Goldman Sachs Group, Inc	Undecided	-
Blair Mlnarik	bmlnarik@nd.edu	Digital River	FCStone Group, Inc	Robert W. Baird	Milwaukee, WI
Cheryl Ramsey	cramsey1@nd.edu	Dentsply Intl	Monsanto Company	Undecided	-
Cory Rellas	jrellas@nd.edu	Dell	Burlington Northern Santa Fe	Notre Dame senior finance major	Notre Dame, IN
Julio Rivas	jrivas@nd.edu	Whirlpool	Boeing Co	Undecided	-
Andrew Samalis	asamalis@nd.edu	Cabelas	Service Corp Intl	Undecided	-
Brett Thomas	bthomas7@nd.edu	Getty Images	Aqua America Inc	UBS Investment Bank	Stamford, CT
Paul Trahms	ptrahms@nd.edu	Walgreen Co	Equifax	Undecided	-
Manish Vaswani	mvaswani@nd.edu	United Health Group	Sigma Aldrich	Undecided	-
Jake Wagner	jakewagner@nd.edu	Morgan Stanley	Boston Private Financial Hld	Merrill Lynch	New York, NY
Matt Walter	mwalter4@nd.edu	Apple	Progress Energy Inc	Undecided	-
Jerry Wang	jwang6@nd.edu	Nutri Systems	Zhongpin, Inc	Notre Dame Investment Office	Notre Dame, IN
Matt Weglarz	mweglarz@nd.edu	Potash Corp	Caterpillar	Undecided	-

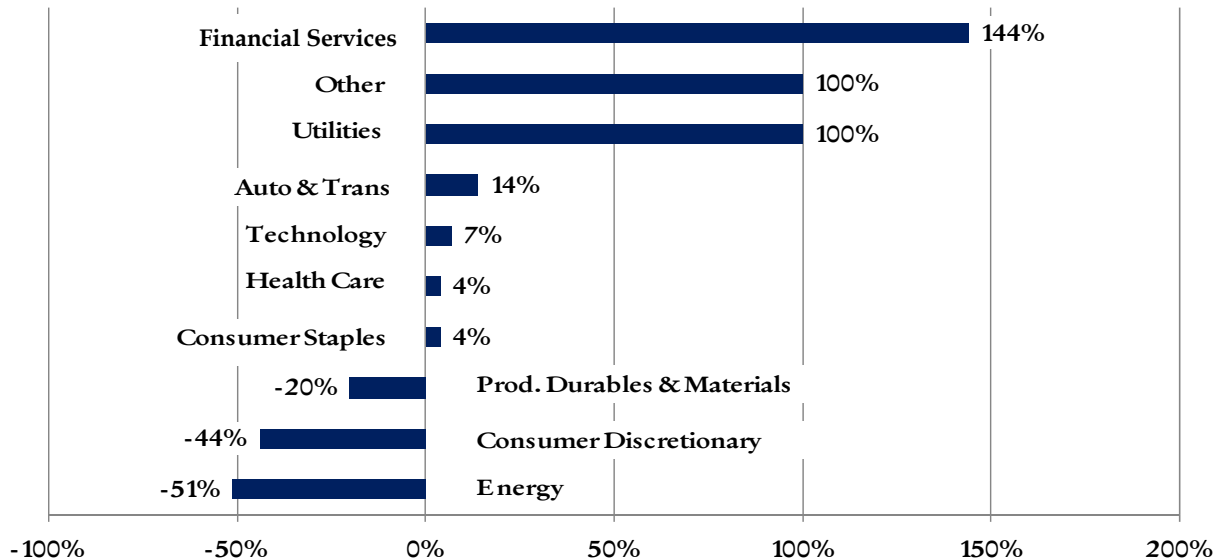
PORTFOLIO OVERVIEW

For the one year period ending March 31st, the AIM portfolio has an annualized return of -7.93% versus the S&P 500 index return of -5.06%. In addition to the S&P 500, we benchmark the portfolio against the Russell 2000 since 34.7% of our portfolio (as of March 31st) consists of small or mid-cap companies, and also against the HBI Index which is a blend of the S&P 500 Index and the Russell 2000 Index, created to mirror the composition of the AIM portfolio. The Russell 2000's return was -13.00% for the same period while the HBI return was -7.87%. Over the 5-year period ending March 31st, the AIM portfolio had a compounded annual return of 13.5%, versus 11.33% for the S&P 500, 13.88% for the Russell 2000, and 14.1% for the HBI. For the last one year ending March 31st,

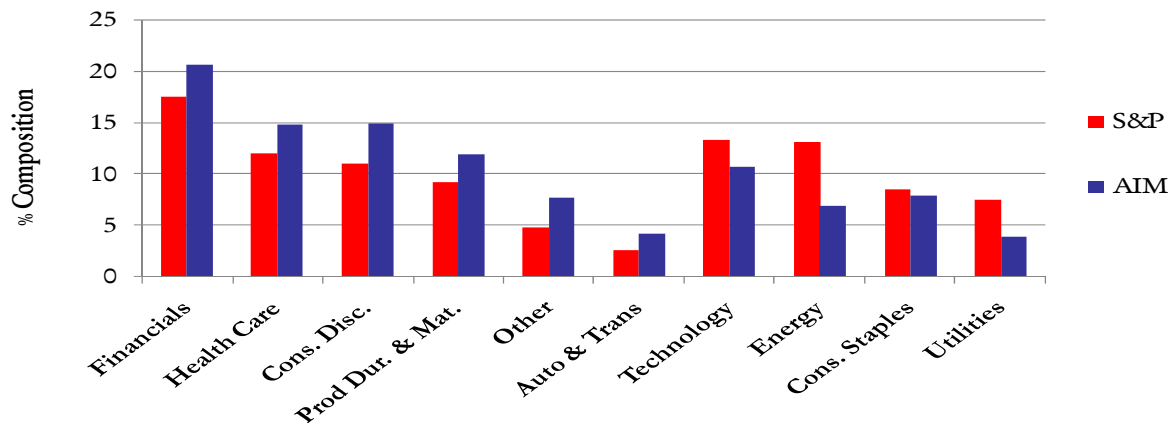
Top 5 Individual Performers	
Stock	HPR
Potash Corp	68.4%
Tupperware Brands	56.2%
Barrick Gold Corp	50.4%
Exxon Mobil	19.2%
Vaalco Energy	13.4%

Bottom 5 Individual Performers	
Stock	HPR
NutriSystem Inc	-66.0%
PMI Group	-65.6%
UnitedHealth Group	-40.2%
McGraw-Hill	-39.9%
Getty Images	-37.6%

With the changes to the portfolio affected April 22nd, the percentage change in sector holdings:



New AIM portfolio sector allocations compared to current S&P 500 sector allocations:



ALUMNI UPDATES

Jason Wang, (AIM XII)

Jason is a senior equity analyst at Stark Investments Equity Long/Short team based in Boston. His team implements a fundamental and quantitative combined investment approach. Jason mainly works on quantitative research and investing side. Currently, he is working with his team members to build industry specific stock selection models. Over the years, he learned that investing is a humble business and an investor has to work very hard to earn excess returns. He covered JDS Uniphase Corp. (JDSU), and Adobe Systems Inc. (ADBE) in AIM.

Daniel Hoover

Following graduation from the MBA program in 2005, Dan spent 2-1/2 years with Ernst & Young as a consultant focused on the asset-management industry, including market, credit, operational, and regulatory risks. He joined Barclays Global Investors in San Francisco in March 2008, and is responsible for planning and strategy in the mutual fund business, including the iShares family of exchange-traded mutual funds. Despite having joined an indexer, Dan still believes that alpha exists, and that disciplined fundamental analysis, obsessive attention to detail, and healthy doses of skepticism are critical in getting and delivering that alpha to clients.

Tom Goetzinger, CFA (AIM XII)

Tom is currently a senior securities analyst and vice president at Dreman Value Management, and lives in New York City. Since joining Dreman in the summer of 2006, he has been responsible for the firm's healthcare investments while also contributing new stock recommendations in other sectors and mentoring younger analysts. After earning his MBA from Notre Dame in 2001, Tom joined Morningstar in Chicago where he worked for five years. He started as an analyst covering healthcare services firms, and became an associate director of equity research managing analyst teams in the consumer goods & services and industrials sectors. He also helped lead Morningstar's growth from roughly 25 to 100 analysts--including a number of Domers--as independent research gained prominence. Regarding AIM, Tom thinks a real benefit was the emphasis on succinctness: "If you can't hit the main points and capture the audience in the first page of a report or first couple minutes of a presentation, why should time stressed portfolio managers and other analysts continue to pay attention. Studying a diverse group of companies can help one learn how to separate the important business value drivers from the minutia and stock market noise."

ECONOMIC REPORT

The last 3 months have been marked by tremendous volatility and activity in many markets on many levels. Since January 1, spot prices on a barrel of light crude have hit \$120, a 40% increase since late February. Gold has run up from \$840 an ounce to \$920 as of April 21, while hitting \$1020 in the interim, a 10% increase overall. In 2007 and early 2008, prices of wheat, corn, rice and soybeans, among other crops, have escalated along with energy and other natural resources. Since the start of 2007, wheat futures are up 69%, soybeans have risen 92%, corn is up 49% and rice is up 131% on the Chicago Board of Trade. The Commodities Futures Trading Commission claims that these rises are due to increasing demand by the world's population outstripping supply rather than rampant speculation by investors, although trading volume in each of these areas has grown significantly over the past year.

The dollar continues to decline against a basket of currencies and is hovering around an all time low against the euro. The deficit in the trade balance seems to have leveled off and there is evidence of exports increasing significantly despite being somewhat offset by the increasing price of oil imports. Exports are expected to continue to rise as the dollar remains at its current level.

Housing starts continue to trouble the U.S. economy. Since its high in 2006 of 2,292K, seasonally adjusted housing starts are down nearly 60% to 947K. Housing prices in the 4Q 2007

declined 1.29% from the previous quarter. This is the largest quarterly decline since the Office of Federal Housing Enterprise Oversight initiated its Housing Price Index with data going back to 1991. This has been despite Fed action to lower interest rates, though lending standards remain tightened. Existing-home sales fell 2% in March. The drop followed an increase of 2.9% in February, the first monthly gain since July. Home sales were down 19.3% from the 6.11 million units pace recorded in March 2007. Inventories of unsold homes have risen to a 9.9 month supply at the current sales rate.

Real disposable personal income has been declining since August, reduced by increasing food and energy prices. Consumption has declined precipitously since late 2007. This has mimicked the significant declines in consumer confidence indices. Consumer expectations are currently at a 35 year low, which means declining consumption is likely to follow. This is supported by payrolls being down for the third month in a row, primarily in housing, construction, manufacturing and financials. The unemployment rate has increased steadily since the beginning of 2007.

The Fed has responded to this data by cutting the federal funds rate from 4.25% in January to 2.25% at the end of March. It shaved the discount rate premium over the federal funds rate from 50 basis points to 25 basis points. There were two unscheduled actions including a 75 basis point cut late January in response to a large international stock market downturn. In the second unscheduled meeting on March 16, the Fed met to confront the Bear Stearns crisis and guarantee its debts in order to facilitate a buyout by JP Morgan. It also created a fund to swap Treasury securities for less secure ones held by banks in order to facilitate liquidity. It has also allowed for anonymous lending at the discount window. Evidence points to the Fed lowering interest rates by one quarter point in their next meeting and ceasing its decrease for a period of time.

The outlook for the AIM portfolio is mixed. Financials may benefit from the spread between borrowing and lending rates. Increased volatility is also likely to increase trading volume. Energy should benefit from increasing oil prices, while Materials should also benefit from increased commodity prices. Health Care should benefit by demographic trends. Consumer discretionary will likely be hurt by high commodity prices. IT is also likely to encounter difficult times. Real Estate may soon see another significant impact as commercial overbuilding begins to kick in and foreclosures take their toll, further depressing real estate prices.

PORTFOLIO UPDATE

Stocks Added to the Portfolio

Boeing Co (BA) is a major aerospace firm and is organized based on the products and services they offer. The Company operates in six principal segments: Commercial Airplanes; Boeing Capital Corporation; and the other four segments are comprised of Integrated Defense Systems business: Aircraft and Weapon Systems, Network Systems, Support Systems and Launch and Orbital Systems.

Boston Private Financial (BPFH) operates as a multi-bank holding company in the United States. It provides private banking, investment management, and wealth advisory services to high net worth individuals, families, businesses, and select institutions. The company offers various deposit products that

include checking accounts, demand deposits, NOW accounts, savings accounts, money market accounts, and certificate of deposits. Its loan portfolio comprises residential mortgage loans and mortgage loans on investment and vacation properties to individuals; unsecured and secured personal lines of credit, home equity loans, and overdraft protection; commercial construction and mortgage loans; revolving lines of credit; working capital loans; equipment financing; and letters of credit.

EMC Corp (EMC) is a multinational company specializing in information storage systems, software and services designed to meet specific needs of customers. EMC serves customers around the world and represent a cross-section of industries and government agencies. Products and services are designed to be used with a multitude of business computing platforms, including: transactions processing, data warehousing, electronic commerce, and content management. Furthermore, EMC aims to improve the methods used to store, protect, optimize, and leverage information for their clients.

FCStone Group, Inc (FCSX) is a broad-based commodity risk management and trading company. It specializes in helping firms, primarily middle-market firms, understand the complexities of their risk exposure in commodities markets. Through an integrated operation of several different companies, FCSX offers services not only in risk management programs, but in cash grain, clearinghouse, foreign exchange, market analysis, OTC, seminars, and transportation. It has 10,000 retail customers, 3,500 domestic commercial accounts and 200 international.

Goldman Sachs Group (GS) is global investment banking, securities and investment management firm that provides a wide range of services worldwide to a considerable and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. The Company's activities are divided into three segments: Investment Banking, Trading and Principal Investments and Asset Management and Securities Services.

Progress Energy Inc (PGN) operates as an integrated energy company serving the southeast region of the United States. It engages in the generation, transmission, distribution, and sale of electricity in North Carolina, South Carolina, and west central Florida. As of December 31, 2007, it had approximately 21,000 megawatts of regulated electric generation capacity and served approximately 3.1 million retail electric customers. Progress Energy was founded in 1925 and is headquartered in Raleigh, North Carolina.

Republic Services Inc (RSG) is a provider of services in the domestic non-hazardous solid waste industry. It provides non-hazardous solid waste collection services for commercial, industrial, municipal and residential customers through 140 collection companies in 21 states, mainly in the Sunbelt. Republic Services also owns or operates 92 transfer stations, 59 solid waste landfills and 32 recycling facilities.

Service Corp Intl (SCI) is a leading provider of deathcare products and services based in Houston, TX. This includes planning and other pre-death services as well as burial and post-death services. They operate primarily in the United States and Canada. SCI operates 1,300 funeral homes and 350 cemeteries in 43 states.

Zhongpin, Inc (HOGS) engages in meat and food processing operations in the People's Republic of China. It primarily offers chilled and frozen pork products, pig by-products and meats, as well as prepared meats, such as sausages, hams, and Chinese cured hams.

Stocks Sold from the Portfolio

Apple (AAPL)
Getty Images (GYI)

LOOPNet (LOOP)
Nutri Systems (NTRI)
Pepsico (PEP)
PMI Group (PMI)
Potash Corp (POT)
Vaalco Energy (EGY)
Weyerhaeuser (WY)

CURRENT PORTFOLIO (as of 4/22/08)

Company Name	Ticker	Current Price	Intrinsic Value	Expected Upside	# of Shares	Portfolio Weight	Analyst
Barrick Gold	ABX	\$43.14	\$56.82	31.7%	3500	4.0%	Eric Larsson
BJ Services	BJS	\$32.67	\$33.97	4.0%	4500	3.9%	Andy Frey
Boeing Co	BA	\$78.97	\$87.24	10.5%	1900	4.0%	Julio Rivas Sandoval
Boston Private Financial	BPFH	\$10.64	\$15.40	44.7%	14000	4.0%	Jake Wagner
Cabelas	CAB	\$13.45	\$17.30	28.6%	10000	3.6%	Andrew Samalis
Dell	DELL	\$19.56	\$24.19	23.7%	6500	3.4%	Cory Rellas
Dentsply Intl	XRAY	\$37.61	\$54.69	45.4%	4000	4.0%	Cheryl Ramsey
Digital River	DRIV	\$31.75	\$39.16	23.3%	4200	3.5%	Blair Mlnarik
EMC Corp	EMC	\$15.94	\$18.22	14.3%	9000	3.8%	Mousa Kouhladooz
Exxon/Mobil	XOM	\$94.12	\$95.00	0.9%	1200	3.0%	Todd Borgmann
FCStone Group, Inc	FCSX	\$41.66	\$45.22	8.5%	3500	3.9%	Blair Mlnarik
Goldman Sachs Group	GS	\$181.20	\$227.00	25.3%	900	4.3%	Jim McGovern
Huron Consulting	HURN	\$43.81	\$73.95	68.8%	3600	4.2%	Adam Ashley
McGraw-Hill	MHP	\$38.80	\$59.69	53.8%	4000	4.1%	Adam Ashley
Morgan Stanley	MS	\$47.10	\$57.60	22.3%	3400	4.2%	Jake Wagner
Pharmaceutical Products	PPDI	\$39.84	\$50.50	26.8%	3500	3.7%	Matt Korcinsky
Progress Energy Inc	PGN	\$41.77	\$48.00	14.9%	3500	3.9%	Matt Walter
Republic Services Inc	RSG	\$31.08	\$39.00	25.5%	4700	3.9%	Matt Korcinsky
Service Corp Intl	SCI	\$10.53	\$12.97	23.2%	13500	3.8%	Andrew Samalis
Tupperware Brands	TUP	\$41.33	\$47.21	14.2%	3395	3.7%	Mousa Kouhladooz
United Health Group	UNH	\$37.62	\$53.78	43.0%	4000	4.0%	Manish Vaswani
Walgreen Co	WAG	\$35.74	\$48.34	35.3%	4100	3.9%	Paul Trahms
Whirlpool	WHR	\$82.45	\$92.00	11.6%	1600	3.5%	Julio Rivas Sandoval
YRC Worldwide	YRCW	\$13.66	\$23.75	73.9%	11500	4.2%	Eric Crawford
Zhongpin, Inc	HOGS	\$10.85	\$15.85	46.1%	14000	4.0%	Jerry Wang
Zimmer Holdings	ZMH	\$77.40	\$85.29	10.2%	1500	3.1%	Aldo Arcieri