



AIM Quarterly

AIM XXII

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AIM XXII Update

By: Humberto Kravetz

By the time this AIM Quarterly is published, it will only be a few days before the AIM XXII analysts hand the revised portfolio to the next group of analysts. Our second stock analyses and the final trades are complete. This will mark an end to hours of dedication and healthy discussions on different ways to approach and present (i.e. PowerPoint vs. Overheads) the valuations of each stock, industry analysis and economic reviews. We wish the upcoming group the best of luck to deliver an outstanding portfolio.

The AIM XXII class marked an exciting time for all the analysts involved. The class has created bonds of friendship that will surely last, both among analysts and with professors. At this time, we would like to thank professors McDonald, Langley, Reilly and Malpass for their time, effort and dedication to the AIM class. This has been an incredible learning and personal experience for all of us. We would also like to thank the Investment Office for their support and for organizing the Boston trip, which was without a doubt a great experience.

PORTFOLIO OVERVIEW

By: Noreen Kazi

Over the past twelve months the AIM portfolio has had a positive return of 12.27%, outperforming its benchmark, the S&P 500, by 0.74%. YTD as of 4/25/06, the AIM portfolio has posted positive returns of 5.57%, again outperforming the S&P 500, which posted YTD positive returns of 4.92%. The portfolio is heavily over-weighted in consumer discretionary stocks and is currently composed of approximately half large-cap stocks and half mid and small-cap stocks. Going forward the class will give some consideration to the weightings of different sectors, however the emphasis of the class is on individual security selection and therefore the portfolio will be primarily constructed from the best stocks that have been analyzed. Over the last twelve months the top five performing stocks were: Moody's (+70.4%), MultiFineLine (+69.4%), Intl Game Technology (+47.1%), BJ Services (+43.4%), and Amcol Intl (+42.7%). During the same period, the bottom five performing stocks were: Sanderson Farms (-35.8%), Dell (-27.3%), Ixia (-17.8%), Sysco (-10.8%) and International Speedway (-7.8%).

ALUMNI UPDATES

By: Michelle Ayotte & Luke Drucker

Lawrence Witt, CFA: AIM XX, Class of 2006

Before coming to Notre Dame, Larry lived in San Francisco working for Morgan Stanley and Brandes Investment Partners while he worked towards his Chartered Financial Analyst designation. While at Notre Dame, Larry has served as the Vice President of Investments for the MBA Finance Club and recently represented the club at the Refining Investment Strategy Education Forum at Dayton University. This summer Larry is looking forward to moving to Chicago and joining Morningstar as a research analyst. There he hopes to cover either the healthcare or the business application software sector. As an AIM analyst, Larry covered Wal-Mart and Linear Technologies.

Mike Monroe: AIM VII, Class of 1999

Mike is currently a member of Gemini Investors, a private equity firm focused on making both buyout and later stage growth capital investments in middle-market companies throughout the United States. After joining Gemini in the firm's Boston office, Mike relocated to Minneapolis in an effort to expand Gemini's investment opportunities in the Midwest. Mike's investment experience at Gemini includes buyouts and growth capital transactions in manufacturing, recycling, post-secondary education, and numerous other sectors. While in AIM, Mike covered CKE Restaurants and Gillette. Mike encourages students looking to pursue future careers in private equity to strongly consider investment banking analyst positions with smaller firms specializing middle-market M&A or within the middle-market M&A groups of larger firms.

Chris Clevenger: AIM XVIII, Class of 2004

Chris is a Notre Dame '97 BS, '04 MBA and a graduate of the AIM XVIII Class. Chris is a Director at Republic Financial in their Private Equity Group in Denver, CO. The Group focuses primarily on small market leveraged buyouts in manufacturing, distribution and the business service industries. Chris serves as a board member of Al-jon Inc. a manufacturer of heavy equipment used in the scrap metal processing and solid waste industries.

BOSTON TRIP

By: Patrick Williams

March 30th to April 2nd AIM XXII traveled to Boston, MA. During this short time the class packed as much in as possible. Accompanied by Professors Langley, McDonald and Reilly, as well as Adam Reeves and Timothy Dolezal of the Investment office, the class visited five firms on Friday, an additional firm on Saturday morning, and met alumni Saturday evening.

Friday morning came very early as we checked into the beautiful Langham Hotel at 1:30 A.M. Friday. We first met with Fidelity Investments, where Steve DuFour stressed the importance of management when valuing companies and choosing investments. The class took with it many of the small details he looks at when meeting with management, such as how many people they bring or where they stay. From there it was off to Sankaty Advisors. Sankaty exposed the class to the world of high yield, structured, and distressed debt. The presentation was informative and technical; it provided us with some solid exposure to fixed income investing, which complimented the equity exposure we got while in Boston. Mellon Trust then graciously treated us to lunch and a presentation of their integrated services and how it helps customers if marketed properly. After Mellon it was off to Summit Partners. At Summit, Joe Trusty impressed upon the class the amount of leg work and effort involved in generating quality leads. Our last meeting of the day was with Martingale Asset Management; they instructed us on evaluating management through quantitative methods, as well as the inclusion of behavioral finance in valuation models. Friday night was capped off by a fantastic dinner at Anthony's Pier Four.

Saturday started off with breakfast at the hotel with a presentation by George Ireland of Geologic Resources. The presentation stressed the need for managers to get out and gather real proprietary research to provide value to clients. This discussion gave two analysts the opportunity to ask questions that assisted with their valuations of mining stocks, which they chose to cover. The rest of the afternoon was spent sight seeing the city on our own. Many people went to popular sights like Fenway Park, Harvard, and Cheers; while others sought alternative means of entertainment. The evening culminated with a cocktail reception and dinner with several AIM alumni who returned to talk about their career paths, the stocks they covered, as well as advice for the current class.

The trip was a resounding success, and the class would like to extend a heartfelt thank you to all those who made it possible: our professors, the investment office, the AIM alumni, and especially the firms that took time out of their busy schedules to meet with us.

QUICK ECONOMIC SNAPSHOTS

By: Pavel Sterba

The US economy was in decent shape during 2005 and the beginning of 2006. Civilian unemployment has decreased from 5% in the beginning of November 2005 to 4.7% in the beginning of March. Monthly dollar exchange rates with the Chinese yuan, Mexican peso and Canadian dollar have been declining since November 2005 and it is expected that the US dollar will fall in 2006 and 2007. Corporate net cash flow has increased by 18.5% in 2005 and is expected to further increase in 2006. Disposable personal income has increased by 1.6% between October 2005 and February 2006. Increases in oil prices create pressure on inflation as well as limiting consumer spending on non-energy goods; crude oil traded for \$75 per barrel on Friday, April 21. Retail sales have increased by 3% and auto and light truck sales by 5.3% between November 2005 and March 2006, but are expected to start slowly declining by the end of 2006 and 2007. Export goods and services increased by 10% in 2005 and numbers look positive for 2006 as well. Both gross savings and the current account deficit have increased by 7.5% in 2005. Manufacturing capacity utilization has increased from 79.6 to 80.1% and total industry capacity utilization from 80.5 to 81.3% between November 2005 and March 2006 and its is expected to keep rising for the rest of 2006. In 2005, real GDP has increased by 3.5% and it is expected to grow by 4.5% in first quarter 2006 to offset lower increase in the last quarter in 2006. Productivity increased in 2005 by 2.3%. Core inflation has been in check, but does not reflect increased energy prices caused by increases in the price of oil, natural gas and other fuels. Current interest rates are 4.75% and there is a significant probability that Fed will increase the rates to 5% in the beginning of May.

Portfolio Update

By: Will Ngo

On April 10, 2006 AIM XXII analysts completed the valuation of their securities and made the buy/sell recommendations to their colleagues. Then on April 19th the portfolio was reconfigured as ten stocks were taken out of the portfolio and replaced by eleven new ones. In addition, the class continued the hedging strategy of going long on the energy sector and decided to short consumer discretionary. We also purchased 105 telecom iShares to settle a short position we had on the sector. Lastly, we sold 1,000 shares of Moody's in order to bring its weight in the portfolio down to an appropriate level.

Securities Sold

Stock	Symbol	Shares	Stock Price	Total Price
AMCOL International	ACO	6400	\$ 28.30	\$ 181,120.00
Cheesecake Factory	CAKE	3700	\$ 35.55	\$ 131,535.00
Edwards Lifesciences	EW	3200	\$ 45.52	\$ 145,664.00
Electronic Arts	ERTS	2500	\$ 57.00	\$ 142,500.00
International Game Technology	IGT	3400	\$ 37.08	\$ 126,072.00
Marriott	MAR	2000	\$ 72.68	\$ 145,360.00
Multi-Fineline Electronix	MFLX	3800	\$ 60.02	\$ 228,076.00
Spartans Motors	SPAR	7600	\$ 11.25	\$ 85,500.00
Univision Communications	UVN	4500	\$ 34.88	\$ 156,960.00
Waters Corporation	WAT	2800	\$ 43.33	\$ 121,324.00
Total Value				\$1,464,111.00

Securities Purchased

Stock	Symbol	Shares	Stock Price	Total Price
Amgen	AMGN	2100	\$ 67.74	\$ 142,254.00
Barrick Gold	ABX	4500	\$ 30.14	\$ 135,630.00
Bluegreen	BXG	11000	\$ 12.60	\$ 138,600.00
Citigroup	C	2740	\$ 47.93	\$ 129,789.00
Coach	COH	4000	\$ 35.21	\$ 140,840.00
Herman Miller	MLHR	4500	\$ 31.14	\$ 140,130.00
Medtronic	MDT	3000	\$ 49.38	\$ 148,140.00
Standard Parking	STAN	5200	\$ 28.00	\$ 145,600.00
Tupperware Brands	TUP	5555	\$ 22.45	\$ 123,475.00
Websense	WBSN	5600	\$ 25.50	\$ 142,800.00
Quiksilver	ZQK	11000	\$ 13.78	\$ 151,580.00
Consumer Discretionary Select Sector (short)	XLY	70	\$ 33.58	\$ 2,350.60
iShares Dow Jones US Telecommunication (settle short position)	IYZ	105	\$ 25.19	\$ 2,644.95
Total Value				\$ 1,539,132.35

NEW STOCKS:

Amgen (AMGN):

Amgen, Inc., a biotechnology company, engages in the discovery, development, manufacture, and marketing of human therapeutics based on advances in cellular and molecular biology. It offers human therapeutic products in the areas of inflammation, nephrology, and supportive cancer care.

Barrick Gold (ABX)

Barrick Gold Corporation operates as a gold mining company with operating and development projects in Canada, the United States, Dominican Republic, Australia, Papua New Guinea, Peru, Chile, Argentina, South Africa, and Tanzania. As of December 31, 2005, it had 88.6 million ounces of total proven and probable gold and mineral reserves. The company was founded in 1983 and is headquartered in Toronto, Canada.

Bluegreen (BXG)

Bluegreen Corporation provides vacation and residential lifestyle choices through its resorts and residential community businesses. The company operates through two segments, Bluegreen Resorts and Bluegreen Communities.

Citigroup (C)

Citigroup Inc., through its subsidiaries, provides financial services to consumer and corporate customers worldwide. Its Global Consumer segment provides various banking, lending, insurance, and investment services through a network of local branches; offices; and electronic delivery systems, including ATMs, automated lending machines, and Internet.

Coach (COH)

Coach, Inc. engages in the design, production, and marketing of fine accessories worldwide. Its products include handbags; women's accessories, such as wallets, wristlets, cosmetic cases, key fobs, and belts; and men's accessories, such as belts, wallets, and other small leather goods; and business cases, such as computer bags and messenger-style bags, as well as men's and women's totes; outerwear, gloves, hats, and scarves; and weekend and travel accessories, such as cabin bags, duffels, suitcases, garment bags, and a collection of travel accessories.

Herman Miller (MLHR)

Herman Miller, Inc. engages in the research, design, manufacture, distribution, and sale of office furniture systems and products, as well as in the provision of related consultancy services. Its product offerings include seating, storage solutions, freestanding furniture, and case goods.

Medtronic (MDT)

Medtronic, Inc. engages in the development and manufacture of medical devices for the treatment of various diseases.

Standard Parking (STAN)

Standard Parking Corporation provides parking facility management services in the United States and Canada. It also provides on-site management services at multilevel and surface parking facilities. In addition, the company also provides shuttle bus vehicles and the drivers to operate them in support of on-airport car rental operations, as well as private off-airport parking locations in the United States.

Tupperware Brands (TUP)

Tupperware Brands Corporation engages in the manufacture and distribution of kitchen ware, cosmetics, and personal care products worldwide. It offers food storage, serving, and preparation products for the kitchen and home, as well as offers kitchen gadgets, children's educational toys, microwave products, and gifts. The company's cosmetics and personal care products include skin care products, cosmetics, bath and body care, toiletries, fragrances, household products, nutritional products, and apparel.

Websense (WBSN)

Websense, Inc. provides employee Internet management and Web security software products to reduce the risks associated with Web-based malicious attacks, spyware, and phishing. Its software enables organizations to analyze, report, and manage their employees computing resources, including Internet access, instant messaging, peer-to-peer file sharing, network bandwidth, and software applications.

Quiksilver (ZQK)

Quiksilver, Inc. engages in the design, production, and distribution of apparel, winter sports and golf equipment, footwear, accessories, and related products. The company operates in the outdoor market of the sporting goods industry.

Source: Yahoo

New Portfolio Composition						
Stock	Symbol	Shares	Current Price	Total Value	Market Cap. (Billions)	Weight
Anheuser-Busch	BUD	3000	\$ 42.88	\$ 128,640.00	\$ 33.17	3.6%
BJ Services	BJS	4800	\$ 38.61	\$ 185,328.00	\$ 12.64	5.2%
Citi Trends	CTRN	3400	\$ 48.80	\$ 165,920.00	\$ 0.66	4.7%
Dell	DELL	3300	\$ 26.51	\$ 87,483.00	\$ 61.48	2.5%
Exxon Mobil	XOM	2600	\$ 63.56	\$ 165,256.00	\$ 390.13	4.7%
Headwaters	HW	4500	\$ 33.77	\$ 151,965.00	\$ 1.42	4.3%
International Speedway	ISCA	2250	\$ 49.04	\$ 110,337.75	\$ 2.61	3.1%
Ixia	XXIA	10400	\$ 10.87	\$ 113,048.00	\$ 0.73	3.2%
McDonald's	MCD	3400	\$ 33.92	\$ 115,328.00	\$ 42.61	3.3%
Moody's Corp	MCO	2000	\$ 70.56	\$ 141,120.00	\$ 20.43	4.0%
Morgan Stanley	MS	2300	\$ 64.14	\$ 147,522.00	\$ 68.92	4.2%
Petsmart	PETM	5500	\$ 28.45	\$ 156,475.00	\$ 3.99	4.4%
Sanderson Farms	SAFM	3400	\$ 24.02	\$ 81,668.00	\$ 0.48	2.3%
Sysco	SYU	4100	\$ 30.67	\$ 125,747.00	\$ 18.98	3.5%
United Health	UNH	3000	\$ 49.55	\$ 148,650.00	\$ 67.10	4.2%
Amgen	AMGN	2100	\$ 66.55	\$ 139,755.00	\$ 78.17	3.9%
Barrick Gold	ABX	4500	\$ 30.23	\$ 136,035.00	\$ 16.32	3.8%
Blugreen	BXG	11000	\$ 12.52	\$ 137,720.00	\$ 0.38	3.9%
Citigroup	C	2740	\$ 47.46	\$ 128,142.00	\$ 236.23	3.6%
Coach	COH	4000	\$ 32.86	\$ 131,440.00	\$ 12.46	3.7%
Herman Miller	MLHR	4500	\$ 30.58	\$ 137,610.00	\$ 2.03	3.9%
Medtronic	MDT	3000	\$ 49.05	\$ 147,150.00	\$ 59.18	4.2%
Standard Parking	STAN	5200	\$ 27.68	\$ 143,936.00	\$ 0.28	4.1%
Tupperware Brands	TUP	5555	\$ 22.69	\$ 124,795.00	\$ 1.37	3.5%
WebSense	WBSN	5600	\$ 24.79	\$ 138,824.00	\$ 1.19	3.9%
Quiksilver	ZQK	11000	\$ 13.88	\$ 152,680.00	\$ 1.69	4.3%
Total Value				\$ 3,542,574.75		100.0%
Hedge Portfolio						
Energy Select Sector (long)	XLE	60	\$ 58.07	\$ 3,484.20		
Consumer Discretionary (short)	XLY	70	\$ 33.60	\$ 2,352.00		

*The shaded area represents new additions to the portfolio