



# Advisory Board Presentation

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AIM XXXIX

December 8, 2014

# AIM XXXIX Analysts

**Alisha Anderson**

*Eden Prairie, Minnesota  
Check Point Software, New Oriental*

**Shannon Brady**

*San Juan Capistrano, California  
PotashCorp, Urban Outfitters*

**Morgan Brennan**

*Madison, Connecticut  
Google, IMAX*

**Jeremy Dancu**

*Tinley Park, Illinois  
Schlumberger, Entravision Communications*

**Justin Dancu**

*Tinley Park, Illinois  
Danaher, Las Vegas Sands*

**Alessandro DiSanto**

*Harrisburg, Pennsylvania  
Activision Blizzard, The Boston Beer Company*

**Collin Ebert**

*Huron, Ohio  
Microsoft Corporation, Seadrill*

**Evan Escobedo**

*Aurora, Colorado  
Union Pacific Corp., Molson Coors*

**Allison Fachetti**

*Needham, Massachusetts  
Covanta Holding Corp., Dunkin' Brands*

**Chris Federighi**

*Cary, Illinois  
VeriFone Systems, Ford Motor Co.*

**Suzanne Fitzpatrick**

*Darien, Connecticut  
Hain Celestial Group, Whole Foods*

**Daniel Groom**

*Naples, Florida  
Intel, Coach*

**Robert Haddad**

*Clark, New Jersey  
UnitedHealth Group, SeaWorld*

**Andrew Kimball**

*White Bear Lake, Minnesota  
IAC/InterActiveCorp., Domino's Pizza*

**Alex Kroeger**

*Cincinnati, Ohio  
Motorola Solutions, PNC*

**Brianna Leon**

*Grayslake, Illinois  
Calumet Specialty Products, Marriott*

**Blake Nelson**

*Minnetonka, Minnesota  
Dollar Tree, 3D Systems*

**Ryan Newell**

*Winnetka, Illinois  
WWE, Under Armour*

**Patrick O'Hara**

*Ponte Vedra Beach, Florida  
Live Nation Entertainment, Gilead Sciences*

**Alex Pacelli**

*Arlington Heights, Illinois  
Monsanto, Buffalo Wild Wings*

**John Plantemoli**

*Chatham, New Jersey  
Apple, Foot Locker*

**Jack Smith**

*Summit, New Jersey  
Corning, Lockheed Martin*

**Eric Tommarello**

*Baldwinsville, New York  
Pixelworks, Inc., Atwood Oceanics*

**Justin Vogt**

*Breese, Illinois  
Deere & Co., Tesla Motors*

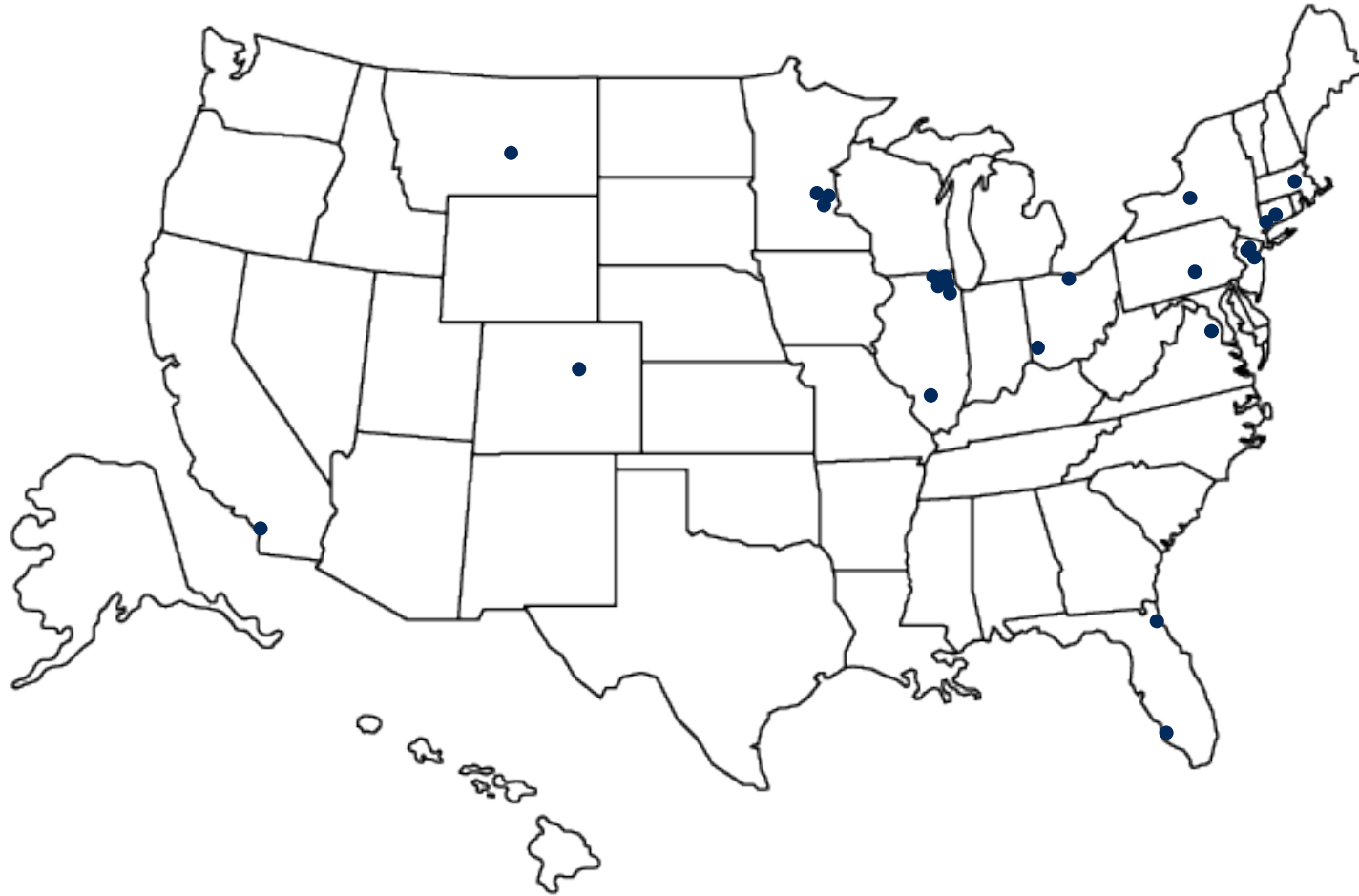
**Maggie Wilmouth**

*Billings, Montana  
Kinder Morgan, Keurig Green Mountain*

**Tyler Wingo**

*Fairfax, Virginia  
Delphi Automotive, Vitamin Shoppe*

# AIM XXXIX Analyst Hometowns





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## **Agenda**

Investment Objectives and Guidelines

Economic Environment

Security Analysis

Portfolio Performance

AIM XXXIX Highlights

Conclusion



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## **Objectives and Guidelines**

AIM Overview

Analyst Responsibilities

Group Responsibilities

Stock Selection Process

Investment Philosophy

Investment Constraints

Investment Guidelines

Market Capitalization Profile

Ethics Policies

# Objectives and Guidelines

AIM Overview



## Course Objectives

- Provide analysts with a thorough grounding in portfolio management and equity valuation
- Combine theory with hands-on experience

## Analyst Selection

- Selection based on academic record and professional experience
- Analysts assume responsibilities for all portfolio management decisions

# Objectives and Guidelines

## Analyst Responsibilities

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- Each analyst covers two companies:
  - First round: assigned stock from current portfolio
  - Second round: selected stock of interest
- For each stock, analysts produce and present a series of reports:
  - Company overview
  - Fundamental analysis
  - Industry report
  - EPS forecast
  - Technical analysis
  - Valuation and final recommendation

# Objectives and Guidelines

## Group Responsibilities



### Economic Outlook

- Analyze recent developments and trends of economic indicators
- Assess portfolio impact

### Portfolio Performance

- Report on recent and long-term performance compared to benchmarks
- Analyze risk-adjusted performance and portfolio attribution

### Newsletter

- Produce quarterly newsletters for distribution to alumni and advisory board
- Provide economic and performance summaries, as well as alumni updates

### Trading

- Coordinate trading activities for portfolio
- Maintain communication with the Investment Office



# Objectives and Guidelines

## Stock Selection Process



- Analysts discuss inputs, drivers, and assumptions
- Analysts provide buy, hold, or sell recommendations based on an intrinsic valuation
- Final portfolio decisions require a majority vote of all analysts

# Objectives and Guidelines

## Investment Philosophy



- Identify undervalued stocks
- Outperform benchmarks
  - S&P 500
  - Russell 2000 (small cap)
  - Hank Blended Index (HBI) (65% S&P 500, 35% Russell 2000)
- Bottom-up approach, accompanied by top-down consideration
  - Determine intrinsic value through fundamental analysis while maintaining macroeconomic and specific industry outlook
- Risk is not actively managed

# Objectives and Guidelines

## Investment Constraints

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- Trading liquidity
  - No specific liquidity target
- Time horizon
  - 3 – 5 years (long-term)
- Laws and regulations
  - Adhere to the “Prudent Person Rule”
- Tax considerations
  - No tax considerations due to the University’s tax-exempt status

# Objectives and Guidelines

## Investment Guidelines



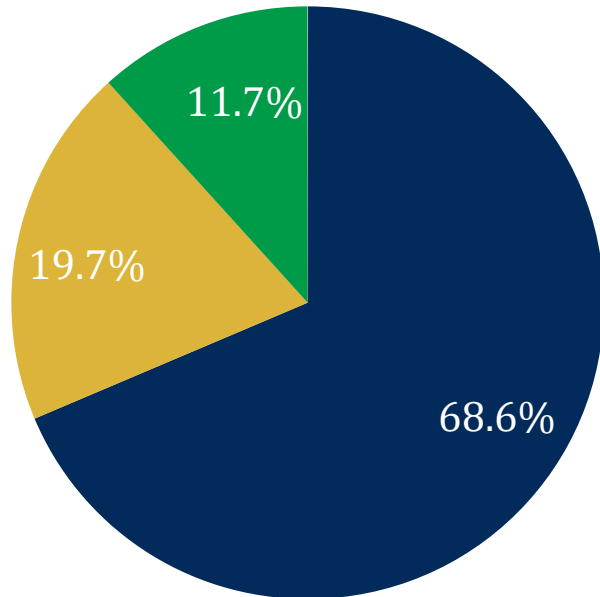
- Long-only common equities traded on major U.S. exchanges
- Sector allocation should roughly match that of the S&P 500
- Portfolio market cap target allocations:
  - Small/mid cap stocks: 35%
  - Large cap stocks: 65%
  - +/- 10% boundary
- Any one stock should not exceed 10% of the current portfolio
- Long-term target for cash holdings is 0%
  - Goal is to be fully invested

# Objectives and Guidelines

## Market Capitalization Profile

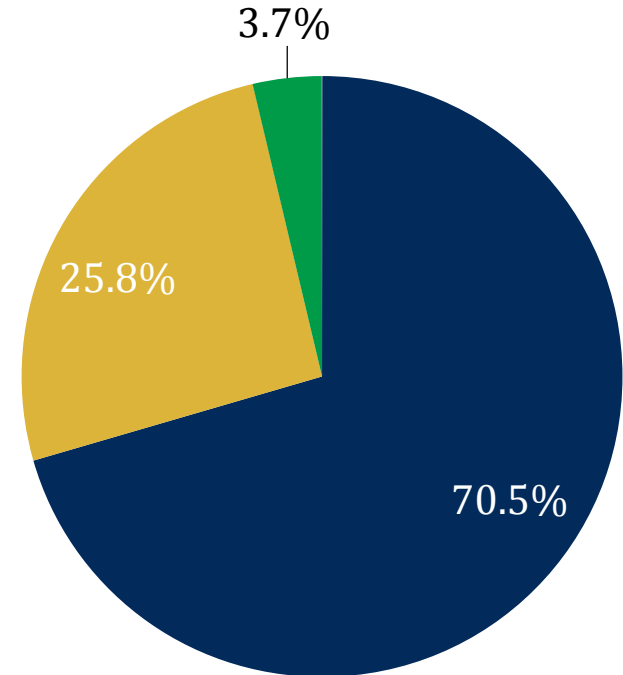


AIM XXXVIII Portfolio Composition<sup>1</sup>



■ Large Cap ■ Mid Cap ■ Small Cap

AIM XXXIX Portfolio Composition<sup>2</sup>



■ Large Cap ■ Mid Cap ■ Small Cap

Source: BNY Workbench

<sup>1</sup> Upon inheritance 4/29/14

<sup>2</sup> As of final trades 11/24/14

# Objectives and Guidelines

## Ethics Policies



*Avoid companies “whose values are not consistent with those of the University”*

- Including (but not limited to):
  - Abortifacients
  - Birth Control
  - Tobacco



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## **Economic Overview**

GDP Projections

Consumption

Housing

Business Investment

Government Spending

Net Exports

Labor Market & Unemployment

Inflation

Interest Rates

Fed Policy

Impact on AIM Portfolio

# Economic Overview

## GDP Projection & Overview



### GDP Outlook

- U.S. is the strongest large economy in the world
- New Normal of GDP ~ 2%
- Cautious Optimism
- Stronger on employment
- Accommodative Fed

### 2015 GDP Forecast Breakdown

Consumption	1.5%
Investment	0.5%
Government Spending	0.8%
Net Exports	(0.7%)
<b>2015 GDP Forecast</b>	<b>2.1%</b>

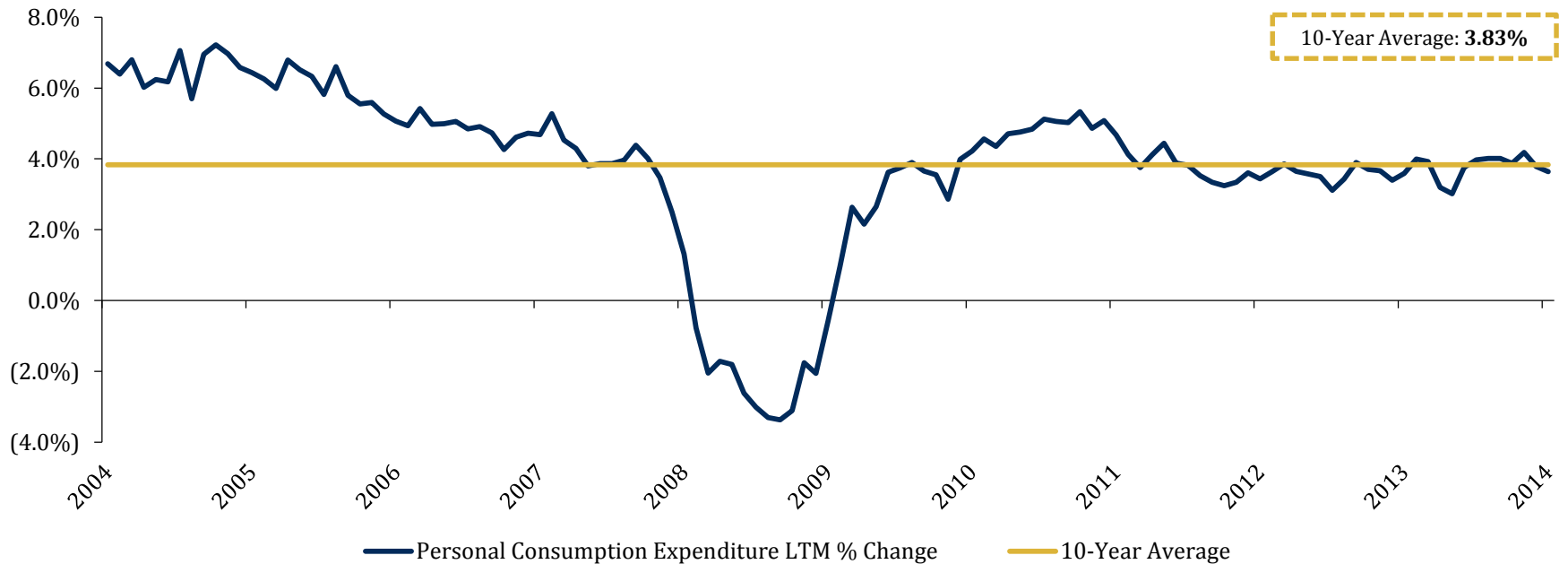


# Economic Overview

## Consumption



### Personal Consumption Expenditure LTM % Change



**American consumers are spending more, but cautiously**

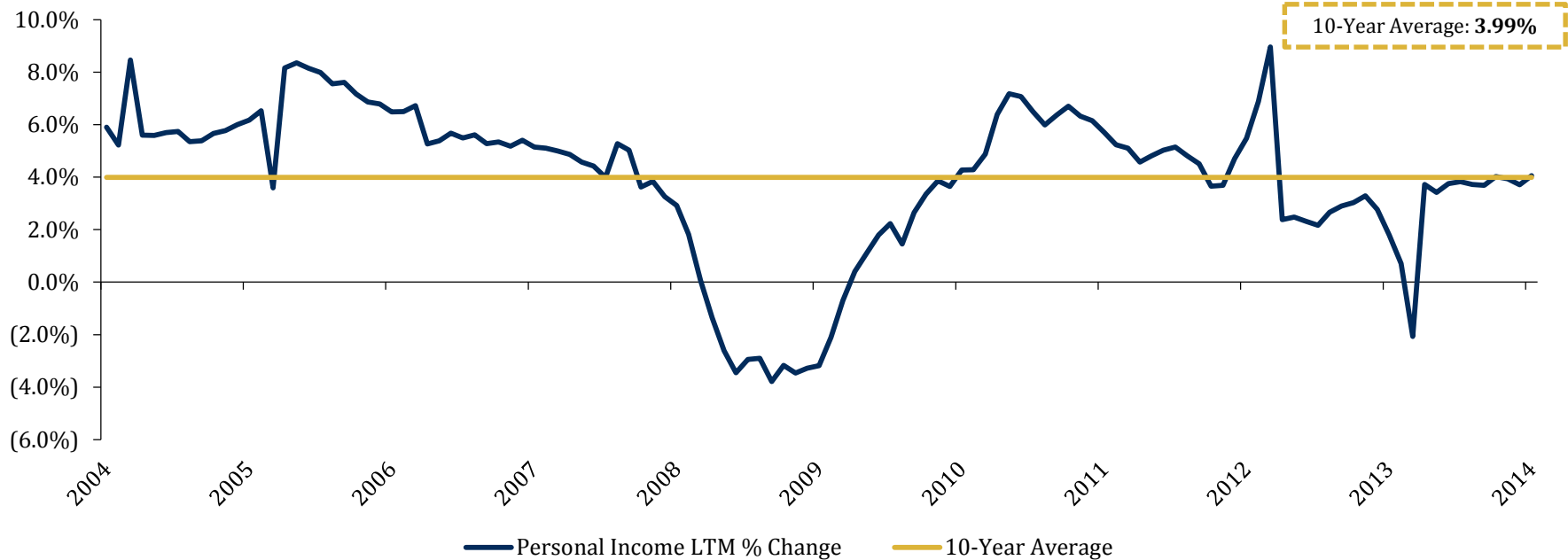
Source: Federal Reserve  
Chart axis dates as of October 31 of the respective year.

# Economic Overview

## Consumption



### Personal Income LTM % Change



**Incomes are increasing, but at a slower than expected pace**

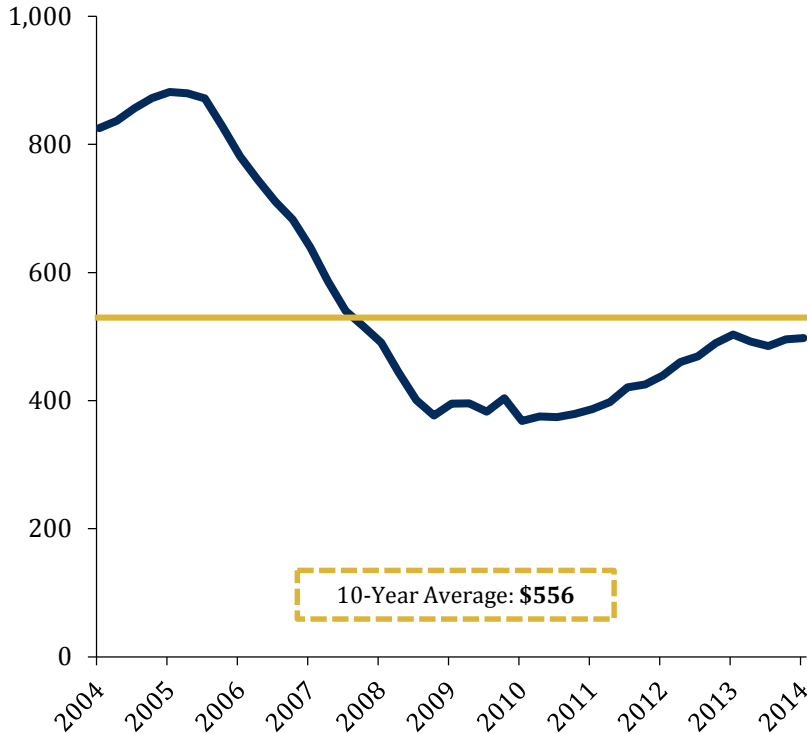
Source: Federal Reserve  
Chart axis dates as of October 31 of the respective year.

# Economic Overview

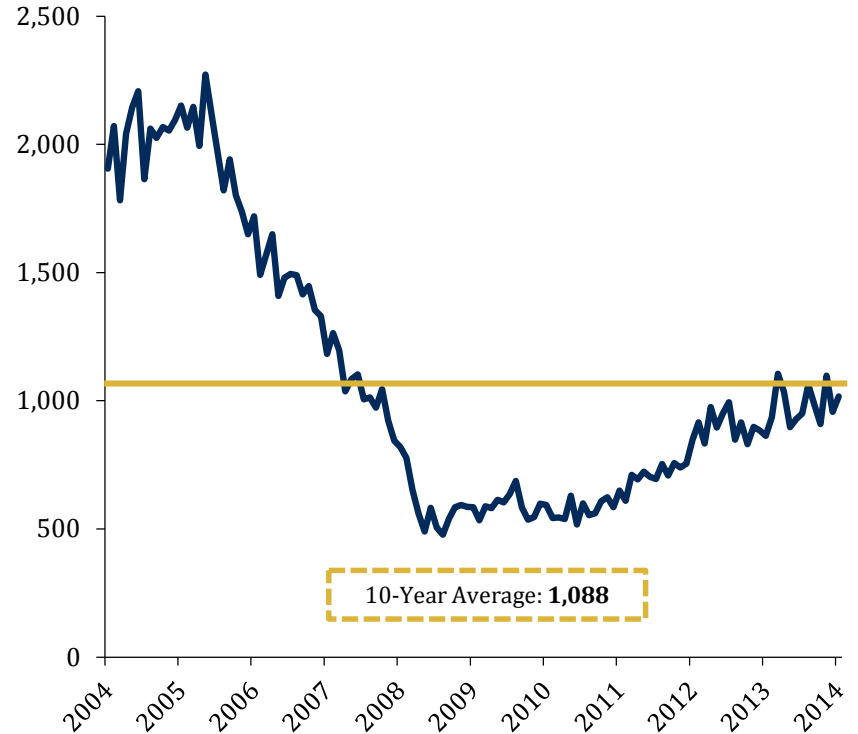
## Housing



### Real Private Residential Fixed Investment (\$Bn)



### New Privately Owned Housing Units Starts (000's)



**Private residential fixed investment stagnant, with flat growth single-family housing units and a slight increase in multi-family housing units**

Source: Federal Reserve

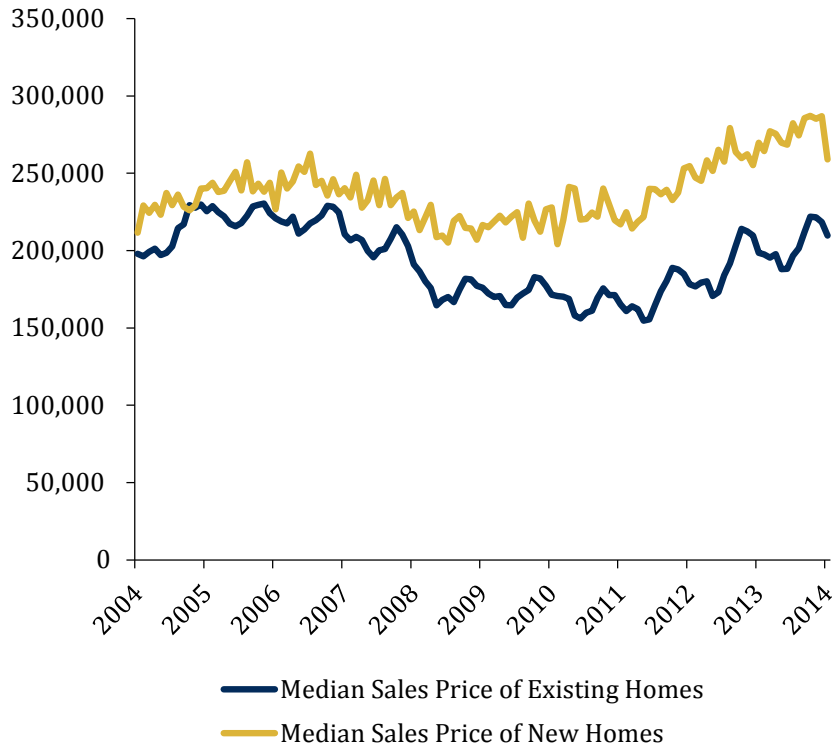
Chart axis dates as of July 31 (left chart) and September 30 (right chart) of the respective year.

# Economic Overview

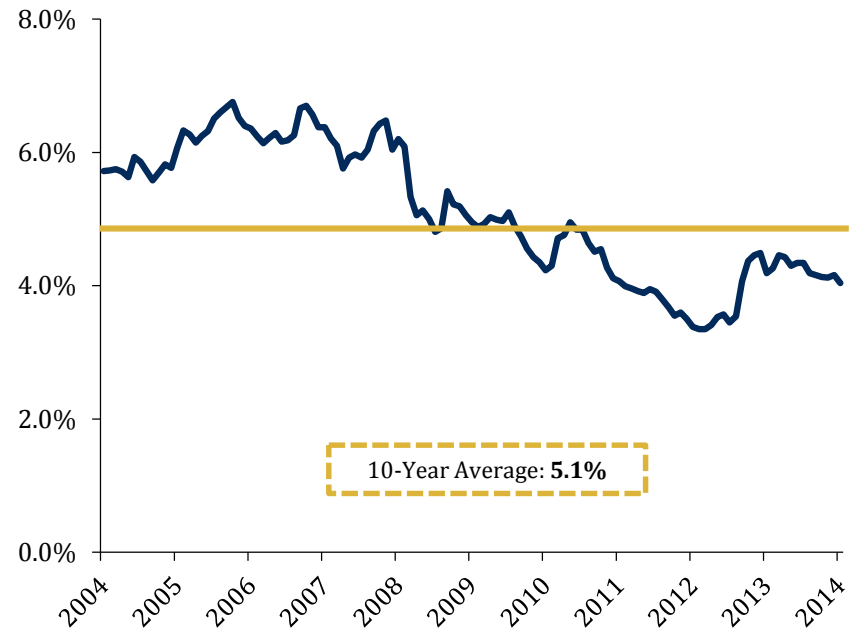
## Housing



### Median Home Sales Price (\$)



### 30-Year Conventional Mortgage Rate



**Sluggish demand due to low expected income, high student debt, and difficulty in obtaining mortgage credit**

Source: Federal Reserve

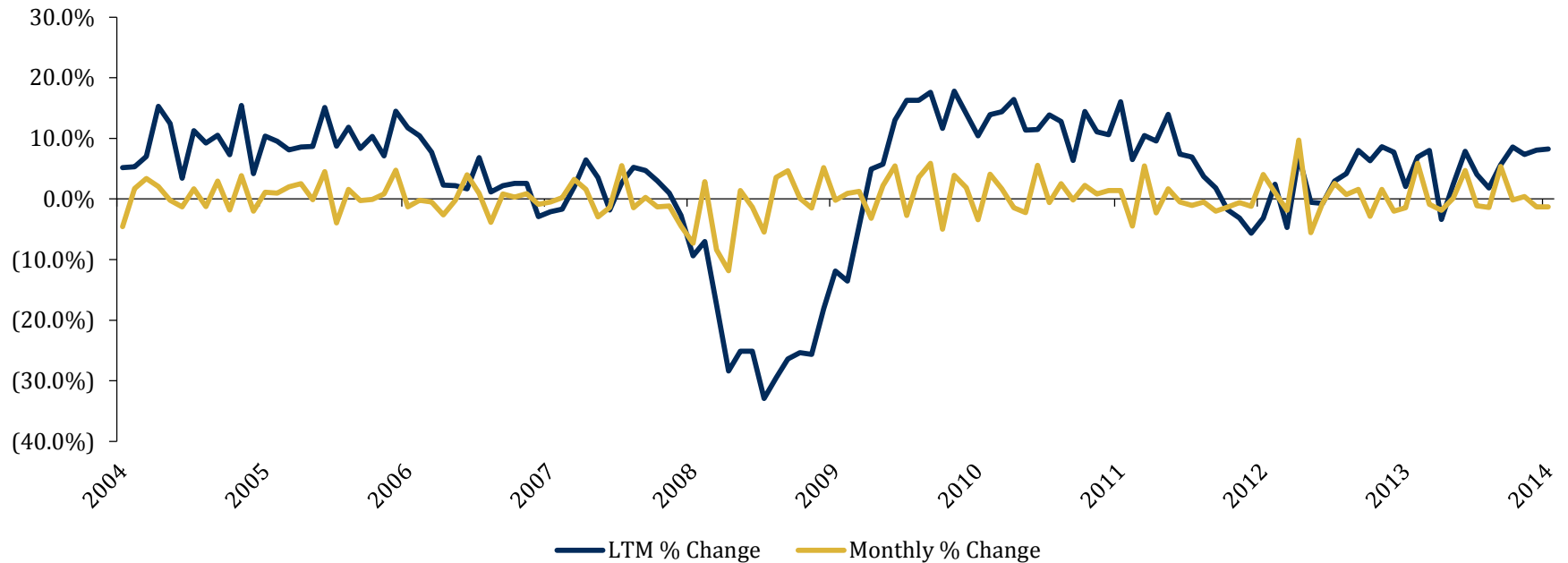
Chart axis dates as of September 30 (left chart) and October 31 (right chart) of the respective year.

# Economic Overview

## Investment



### Manufacturers' New Orders: Non-defense Capital Goods Excluding Aircraft % Change



### Holding back on new investments in the short-term

Source: Federal Reserve

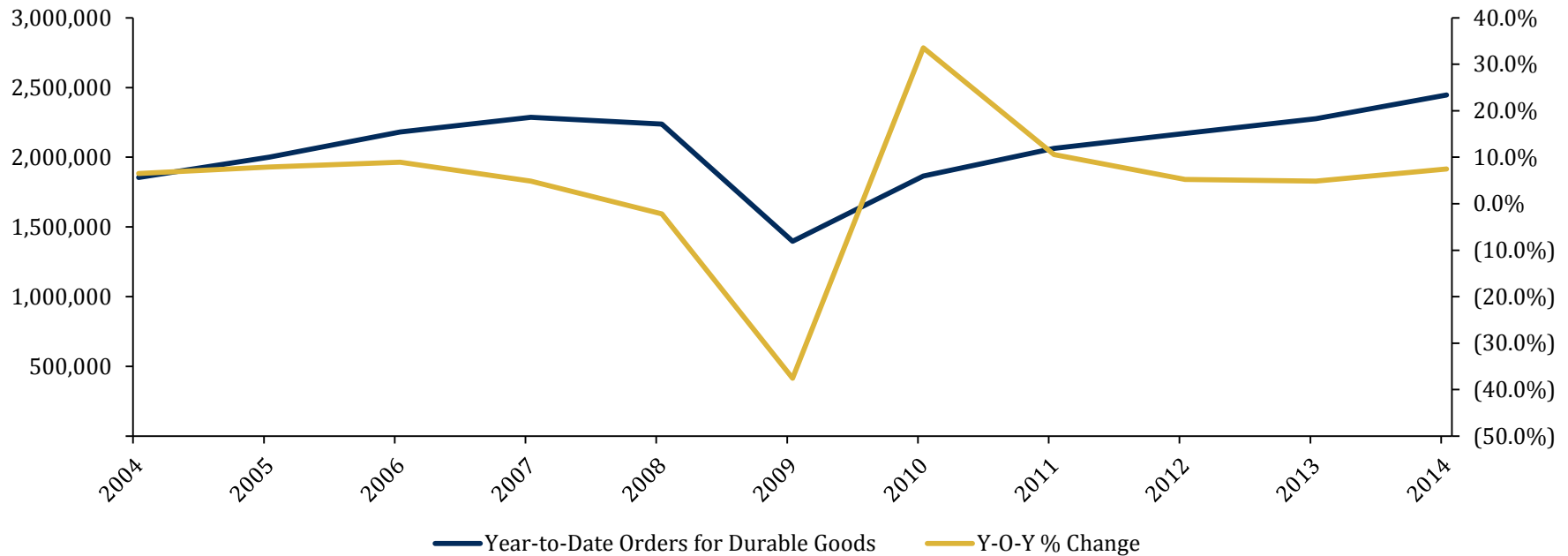
Chart axis dates as of October 31 of the respective year.

# Economic Overview

## Investment



### October Year-to-Date Orders for Durable Goods (\$MM)



**Despite short-term setbacks, longer-term trends are positive**

Source: United States Census Bureau  
Chart axis dates as of October 31 of the respective year.

# Economic Overview

## Government Spending



### Government Consumption Expenditures and Gross Investment as a % of GDP



**Government spending as a % of GDP steadily declining, although seemingly decelerating**

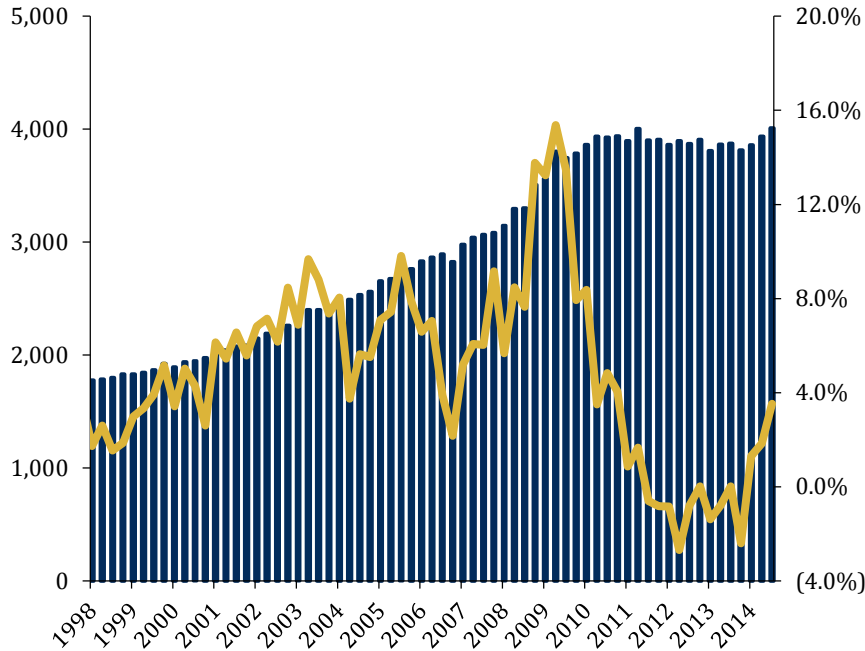
Source: Federal Reserve

# Economic Overview

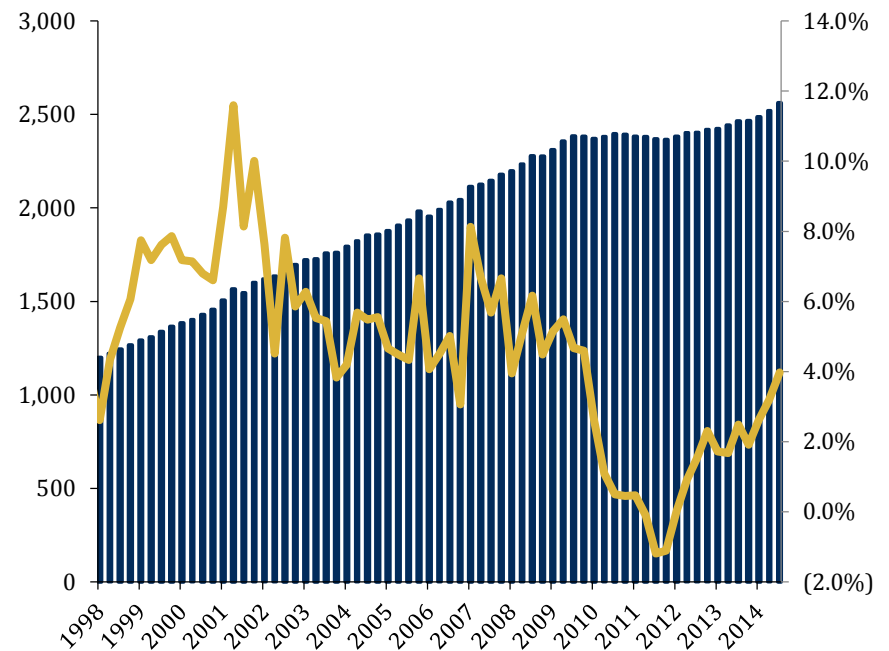
## Government Spending



### Federal Government Spending (\$Bn)



### State & Local Government Spending (\$Bn)



■ Total Expenditures (\$Bn)

— % Change from Previous Year

**Government spending has been steadily increasing on both the federal and local levels**

Source: Federal Reserve

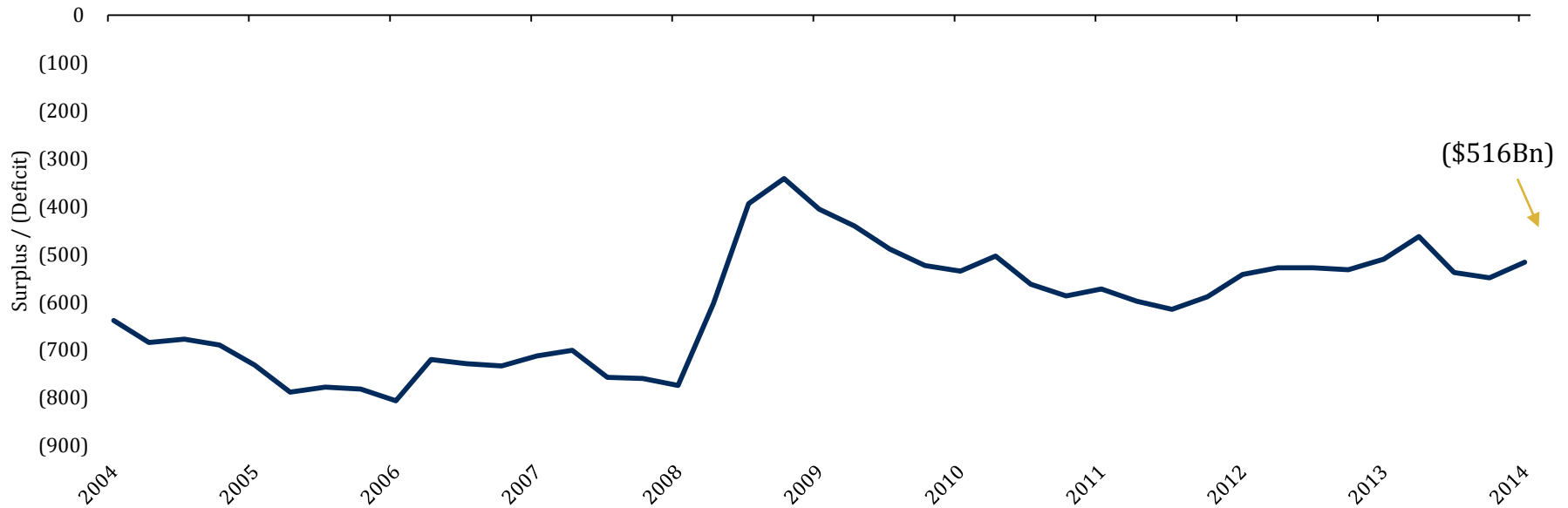


# Economic Overview

## Net Exports



### Annualized Net Exports of Goods and Services (\$Bn)



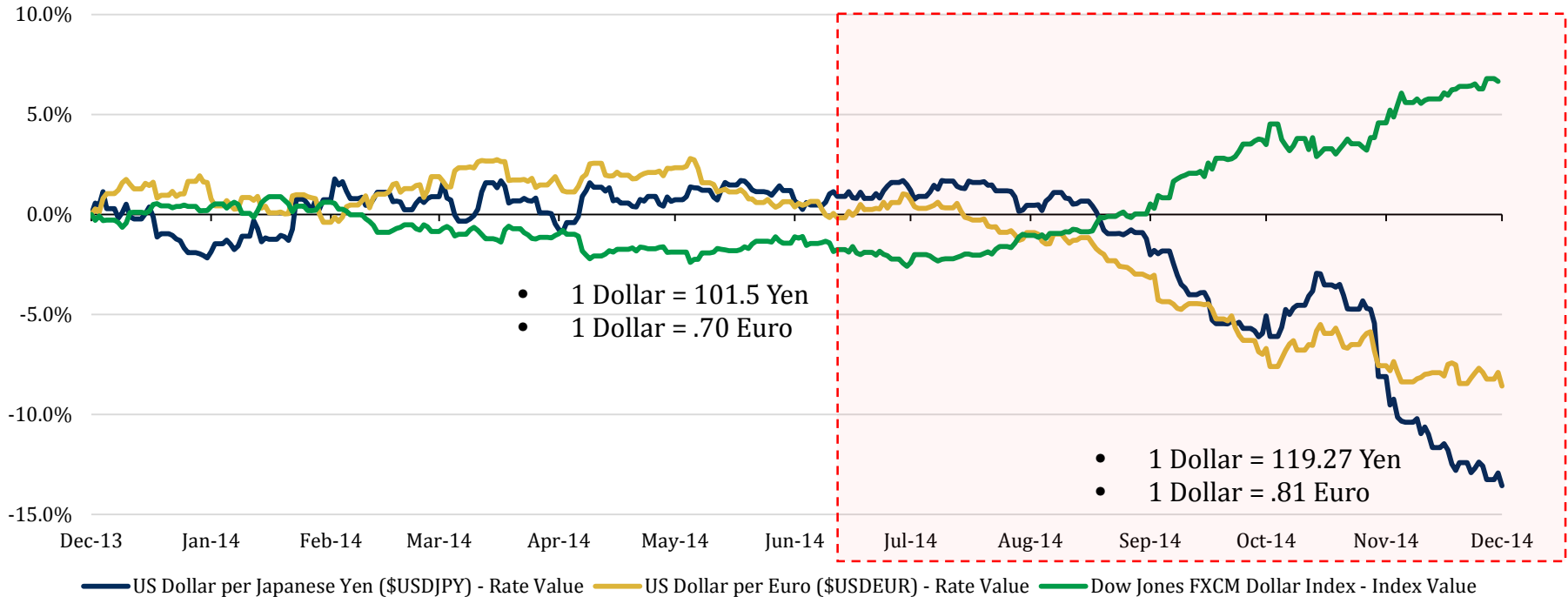
**Despite positive net export numbers in Q3 2014, a strengthening dollar will weigh down net exports moving forward, lowering the demand for U.S. goods and services**

# Economic Overview

## Net Exports



### One Year Historical Dollar Strength



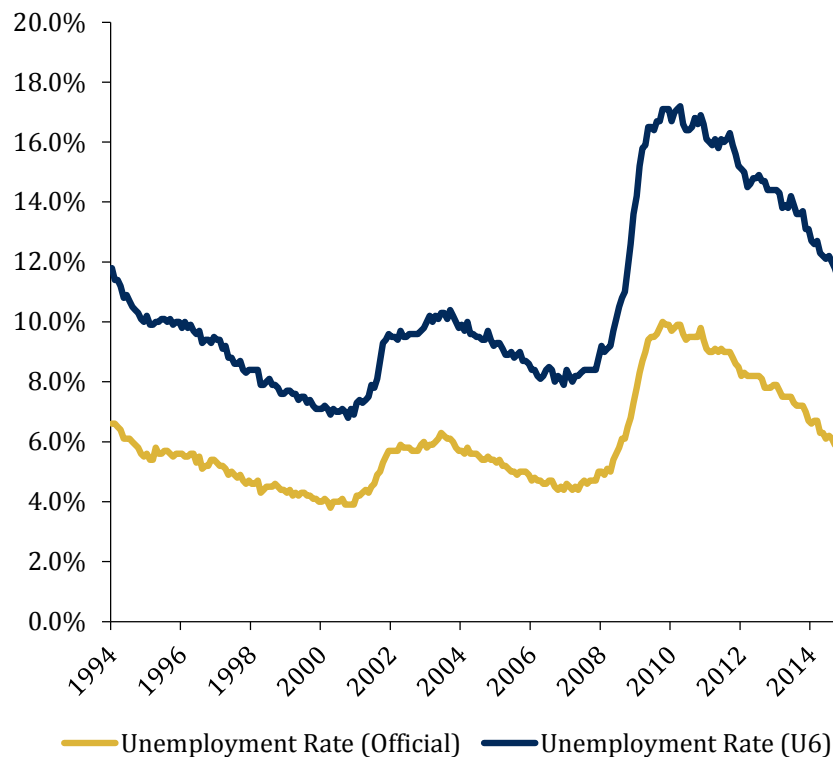
**After 6 months of relative stability, the dollar has appreciated significantly vs. other currencies around the world since July, 2014**

# Economic Overview

## Labor Market and Unemployment



### Unemployment Over Time



### Recent Changes

#### October 2014

Unemployment Rate	5.80%
<i>% Change since Sep.</i>	<i>(0.10%)</i>
<i>% Change YoY</i>	<i>(1.40%)</i>
Persons Unemployed	9.0 MM
<i>Change since Sep.</i>	<i>(0.3 MM)</i>
<i>Change YoY</i>	<i>(2.2 MM)</i>
Long-Term Unemployed	2.9 MM

Participation	Oct. 2014	YoY Change
Labor Force Participation Rate	62.8%	0.0%
Employment-Population Ratio	59.2%	1.0%

Measures of Underutilization	Oct. 2014	YoY Change
Involuntary Part-time Workers	7.03 MM	(0.99 MM)
Marginally Attached Workers	2.20 MM	-
Discouraged Workers	770,000	-

# Economic Overview

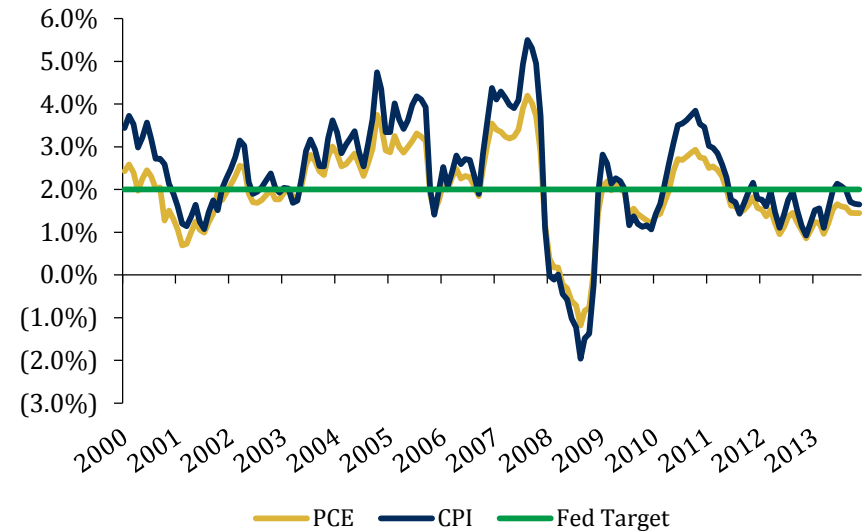
## Inflation Projections



### Inflation Measures

- Fed Target: 2.0%
- CPI: 1.7%
  - Measures prices paid by urban consumers for a basket of goods
- PCE: 1.55%
  - Accounts for consumers switching away from higher priced goods
  - Fed focuses on PCE

### Historic Annual Inflation



**Inflation is expected to persist below 2.0% through 2015, leading to further extension of near 0 rates from the Fed**

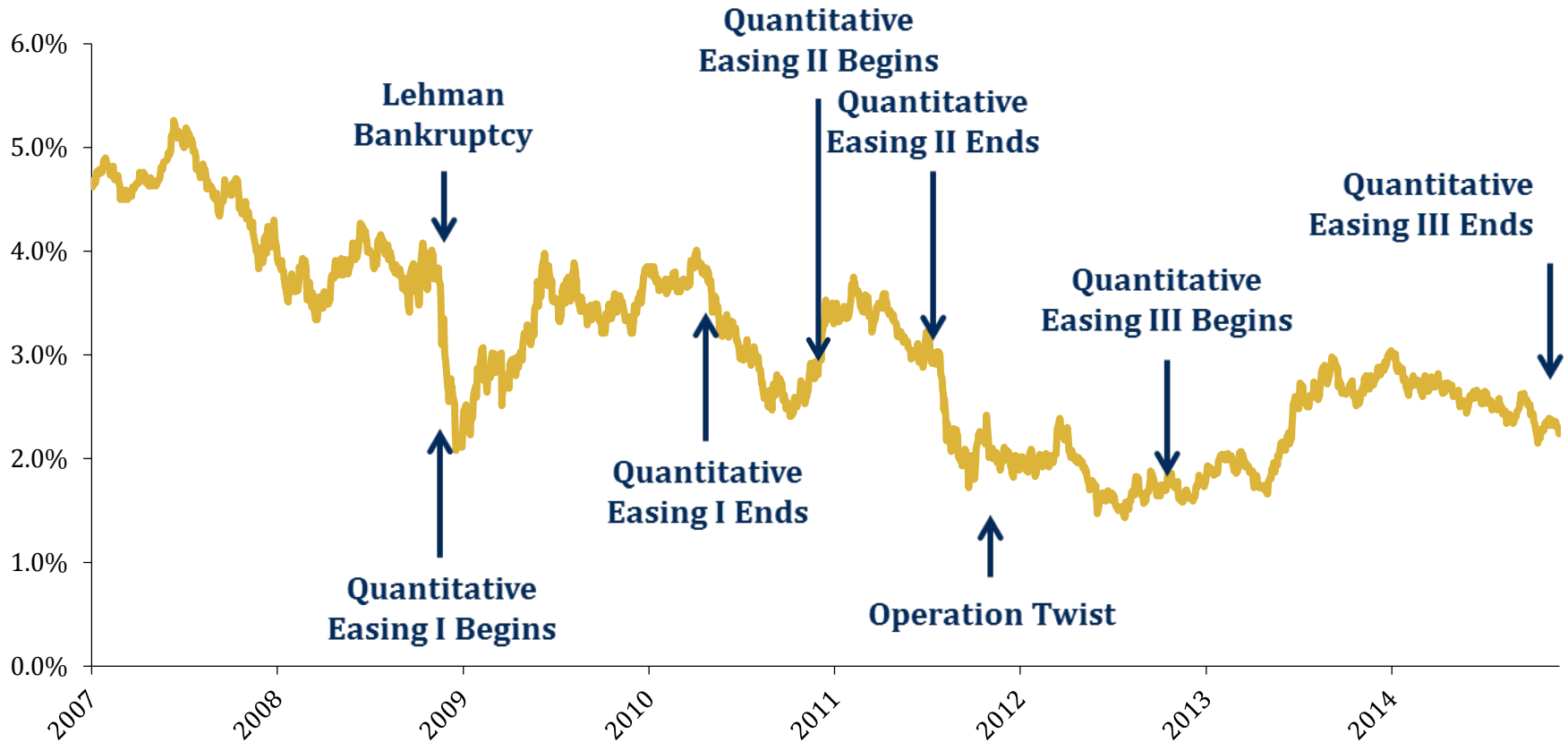


# Economic Environment

## Fed Policy



### 10-Year Treasury Yield (Annotated)



Source: Federal Reserve

# Economic Environment

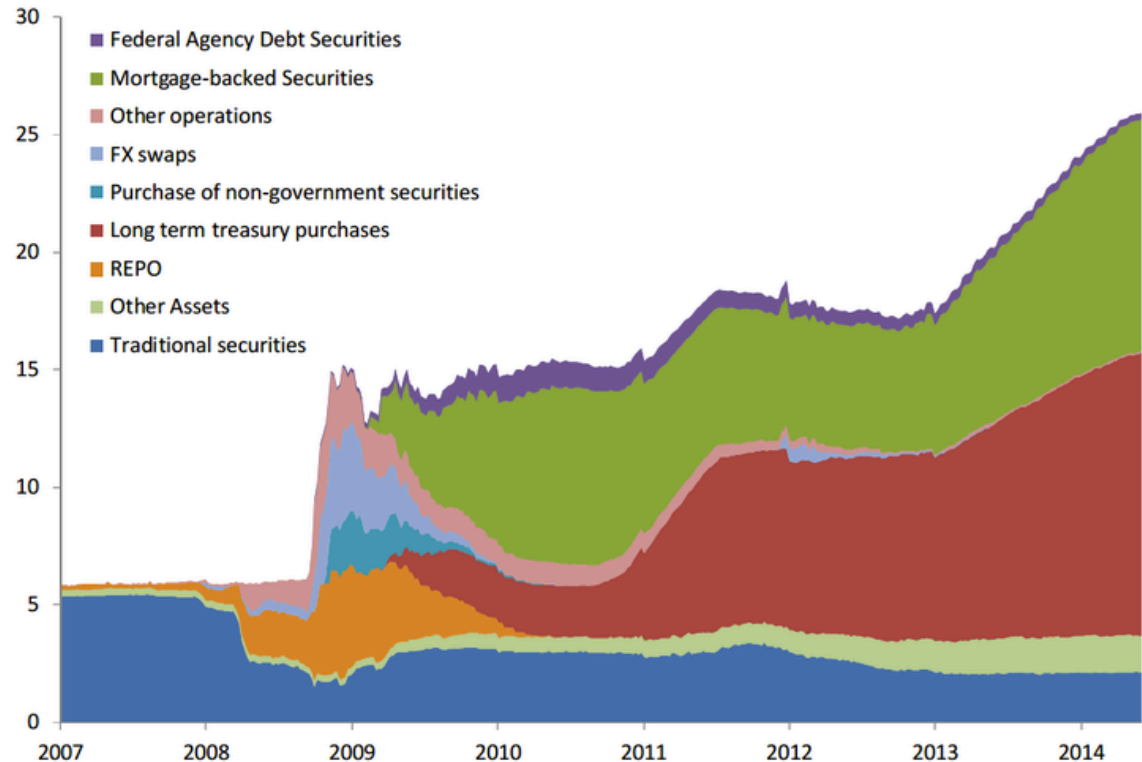
## Fed Policy



### October 2014

- FOMC last met on October 28<sup>th</sup> & 29<sup>th</sup>
- Confirmed the end of its asset-purchase program
  - \$1.66 trillion had been added to its balance sheet by that point
- Pledged to keep interest rates low “for a considerable time”
- Likelihood of inflation running persistently below 2% said to have “diminished somewhat”
- Reinvestment of maturing securities will be stopped only after the benchmark interest rate is raised

### Fed Balance Sheet (% of GDP)

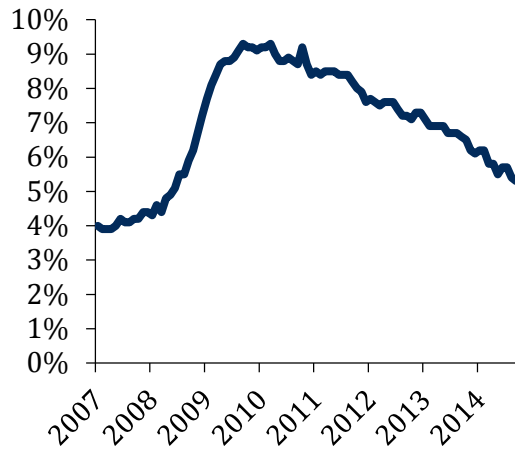


# Economic Environment

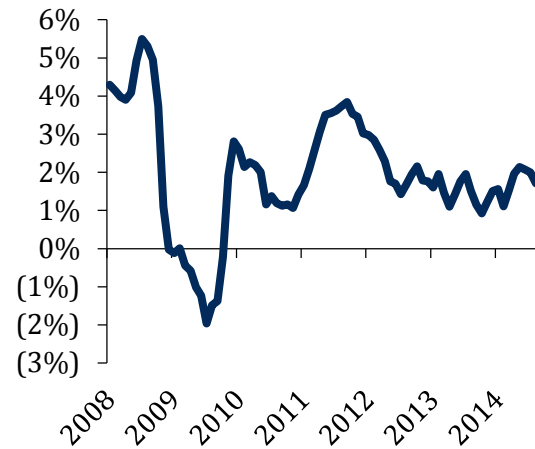
## Fed Policy



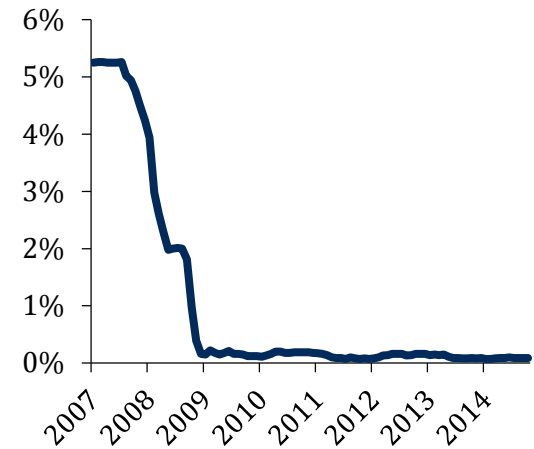
### Unemployment Rate



### Consumer Price Index



### Federal Funds Rate



**Despite the recent termination of quantitative easing, the Federal Reserve isn't likely to raise interest rates until late 2015 or possibly early 2016**



# Economic Environment

## Impact on AIM Portfolio



### Factor Trends

Consumption	
Business Investment	
Housing Impact	
Government Spending	
Net Exports	

### Outlook

Consumer Discretionary	Improvement from increased disposable income and the rally in the market
Technology	Increasing demand from developing countries, strong consumption levels and enterprise spending
Agriculture	Lower commodity prices hurt agriculture stocks
Energy	Shift to domestic production – lower oil prices hurt drilling companies but help inputs for other industries
Healthcare	Industry change through political pressures
Producer Durables	Headwind presented by increasing interest rates and stagnant investment levels
Consumer Staples	Stable growth with the “new normal” of GDP – less volatile than many other sectors

**The AIM Portfolio suffers from overexposure to oil and energy related equities, but is well-positioned to ride technology and consumer staples stocks for future gains**



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## **Security Analysis**

Overview

Discovery

Industry Analysis

Fundamental Analysis

EPS/Multiples Valuation

Dividend Discount Valuation

DCF Valuation/Beta

Technical Analysis

# Security Analysis

## Overview



Stock	Analyst	Focus
Dunkin' Brands	Allison Fachetti	Discovery
Lockheed Martin	Jack Smith	Industry Analysis
Live Nation	Patrick O'Hara	Fundamental Analysis
SeaWorld Entertainment	Robert Haddad	Fundamental Analysis
Las Vegas Sands	Justin Dancu	EPS/Multiples Valuation
Seadrill	Collin Ebert	Dividend Discount Valuation
Under Armour	Ryan Newell	DCF Valuation/Beta
New Oriental Education & Technology Group	Alisha Anderson	Technical Analysis

# Dunkin' Brands Group, Inc.

NASDAQ: DNKN



**Price (11/21/14):** \$47.39

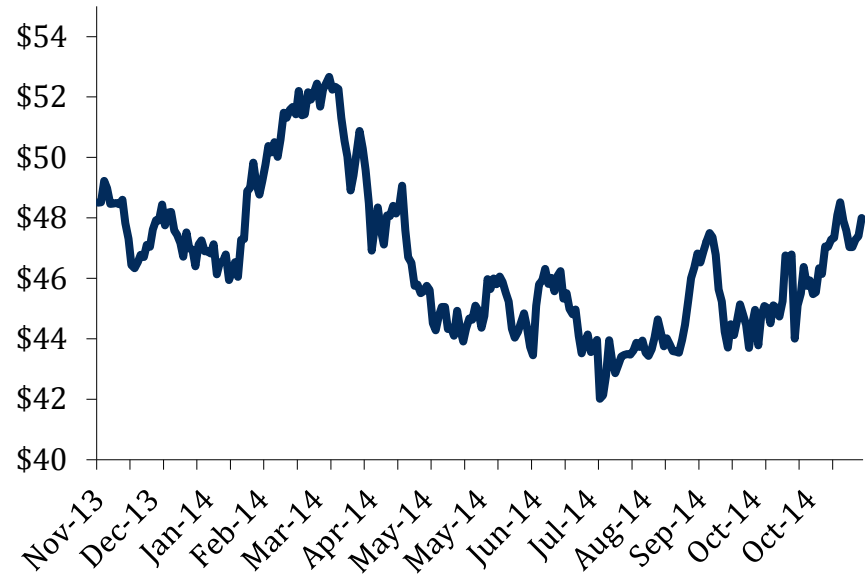
**1-Year Forward P/E:** 23.94

**Market Cap:** \$5.06B

**Dividend Yield:** 1.90%

**LTM EPS:** \$1.55

## 1-Year Price Chart



**Focus - Discovery**

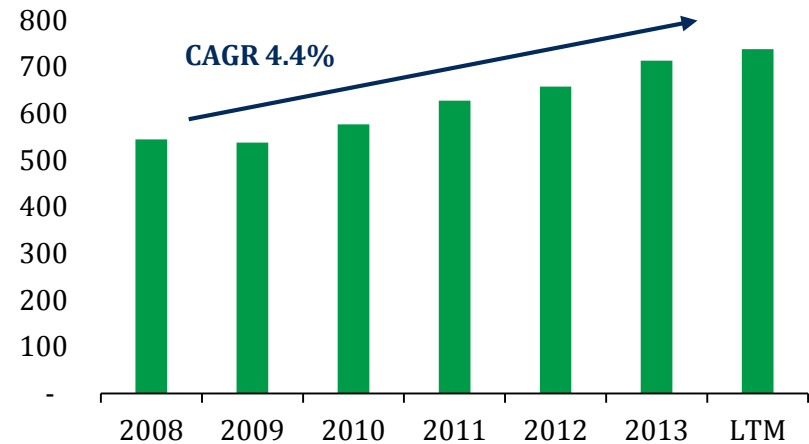
# Dunkin' Brands Group, Inc.

## Overview

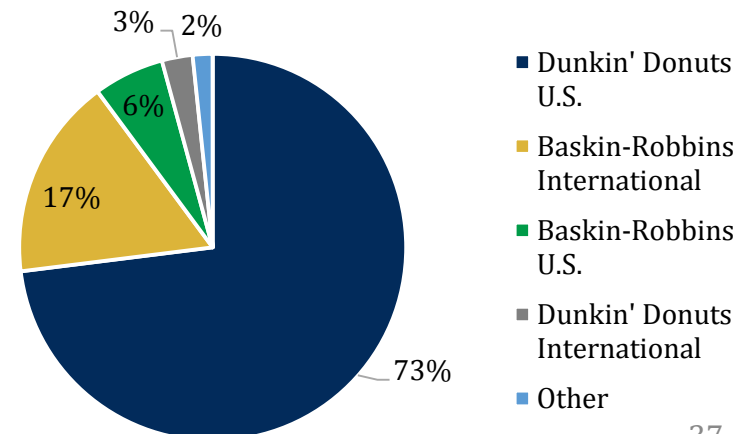


- Dunkin' Brands Group, Inc. runs **both the Dunkin' Donuts and Baskin Robbins chains**
- In **2004**, both companies were organized under Dunkin' Brands, Inc.
- In **2011**, Dunkin' Brands, Inc. went public
- Dunkin' Brands utilizes a **nearly 100% franchised business model**
  - 18,000 points of distribution
  - 60 countries

### Historical Revenue (\$MM)

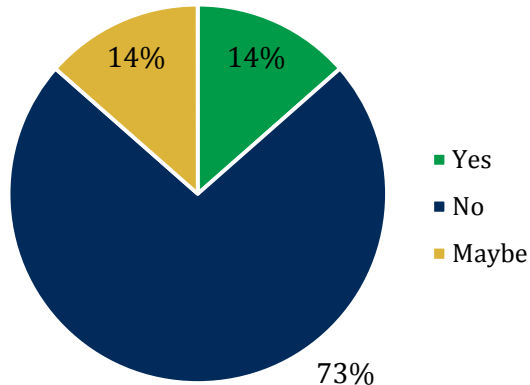


### 2013 Revenue By Segment

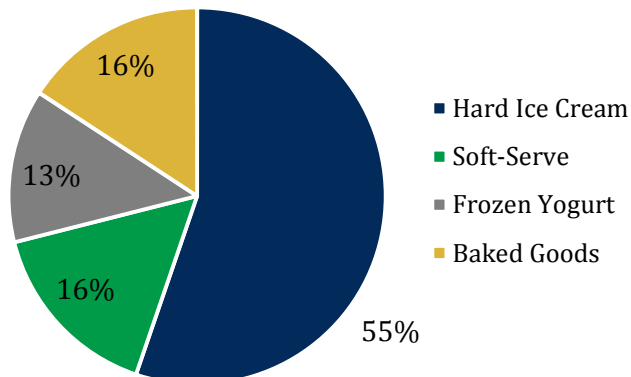


## Survey

### Dinner at Dunkin' Donuts?



### Preferred Dessert



## Store Visits

- Visited **10 Dunkin' Donuts & 1 Baskin Robbins**
  - 1 Mishawaka, IN location
  - Suburbs of Boston (Needham, Wellesley, Dedham, West Roxbury, Newton)
- Spoke with **5 managers**
- Dunkin' stores saw **very few sales later at night**
- Baskin Robbins sales are **very slow after the summer season**
- Large shift in demographics** between different locations



Wellesley, MA town center location



West Roxbury, MA highway location

# Dunkin' Brands Group, Inc.

Impact on DCF Analysis



## Revenue Projections by Segment (in \$ thousands)

Segment	2012	2013	2014E	2015E	2016E	2017E	2018E	2019E
<b>Dunkin' Donuts U.S.</b>	\$485,400	\$521,179	\$555,389	\$588,570	\$621,974	\$653,292	\$679,097	\$706,154
<i>YoY Growth</i>		7.37%	6.56%	5.97%	5.68%	5.04%	3.95%	3.98%
<b>Dunkin' Donuts International</b>	\$15,485	\$18,317	\$22,083	\$26,513	\$32,511	\$38,118	\$44,103	\$47,740
<i>YoY Growth</i>		18.29%	20.56%	20.06%	22.62%	17.25%	15.70%	8.25%
<b>Baskin Robbins U.S.</b>	\$42,073	\$42,152	\$42,477	\$42,762	\$42,892	\$43,051	\$43,134	\$43,329
<i>YoY Growth</i>		0.19%	0.77%	0.67%	0.30%	0.37%	0.19%	0.45%
<b>Baskin Robbins International</b>	\$101,975	\$120,333	\$131,301	\$137,455	\$142,771	\$145,806	\$146,306	\$146,959
<i>YoY Growth</i>		18.00%	9.11%	4.69%	3.87%	2.13%	0.34%	0.45%
<b>Total Dunkin' Brands Revenue</b>								
<b>AIM Projection</b>	\$658,180	\$713,842	\$763,109	\$807,159	\$852,008	\$892,126	\$924,499	\$956,042
<i>YoY Growth</i>		8.46%	6.90%	5.77%	5.56%	4.71%	3.63%	3.41%
<b>Consensus Estimate</b>			\$748,850	\$801,200	\$882,000			
<i>YoY Growth</i>			4.90%	6.99%	10.08%			

Source: Bloomberg

# Dunkin' Brands Group, Inc.

## Valuation and Thesis



**Recommendation: NO BUY**

Valuation Method	Weight	Valuation	Contribution
Dividend Discount Model	10%	\$49.20	\$4.92
Forward P / E	20%	\$50.75	\$10.15
Forward Price / Sales	0%	\$48.49	-
Forward Price / Operating Profit	10%	\$49.50	\$4.95
DFCF / Share	60%	\$40.32	\$24.19
<b>Intrinsic Value</b>			<b>\$44.21</b>
Market Price (11/21/14)			\$47.39
<b>Estimated Upside / (Downside)</b>			<b>(7.19)%</b>

### Investment Thesis

- Difficult for Dunkin' Donuts to continue aggressive growth in long-run
- Baskin-Robbins is dragging down company growth
- Highly competitive industry
- Great company, bad stock

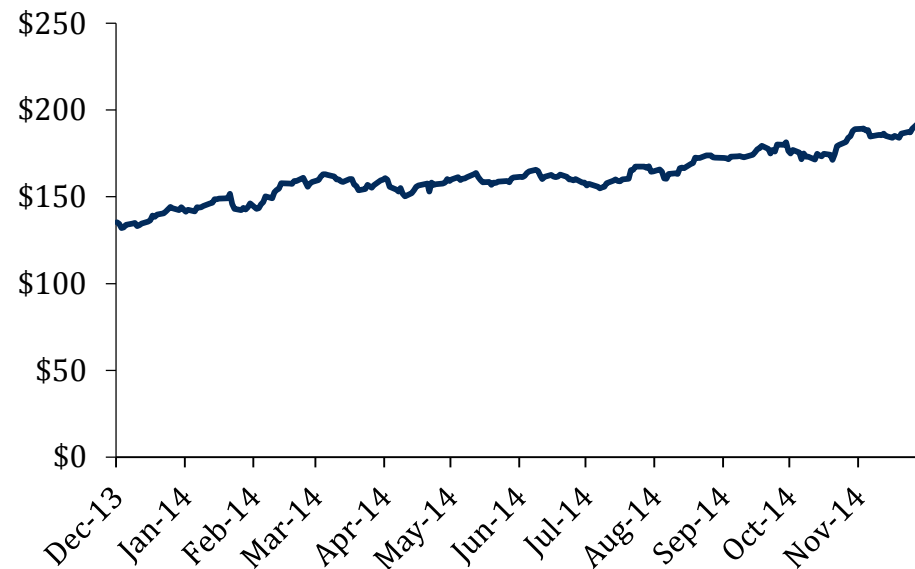


# Lockheed Martin Corporation

NYSE: LMT



### 1-Year Price Chart



**Price (11/21/14):** \$187.93

**1-Year Forward P/E:** 16.67x

**Market Cap:** \$60.15Bn

**Dividend Yield:** 3.10%

**LTM EPS:** \$9.88

**Focus: Industry Analysis**

# Lockheed Martin Corporation

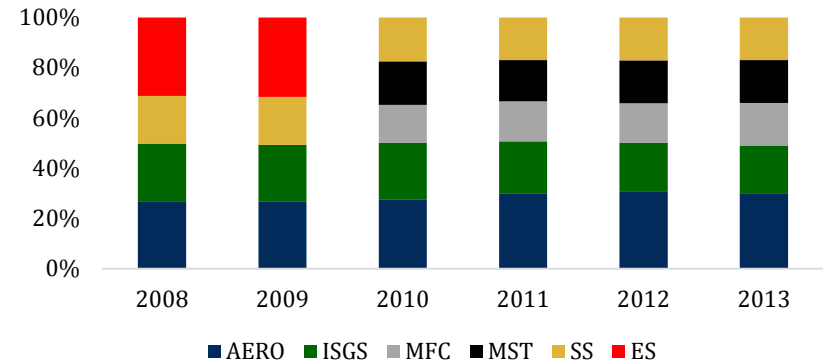
## Overview



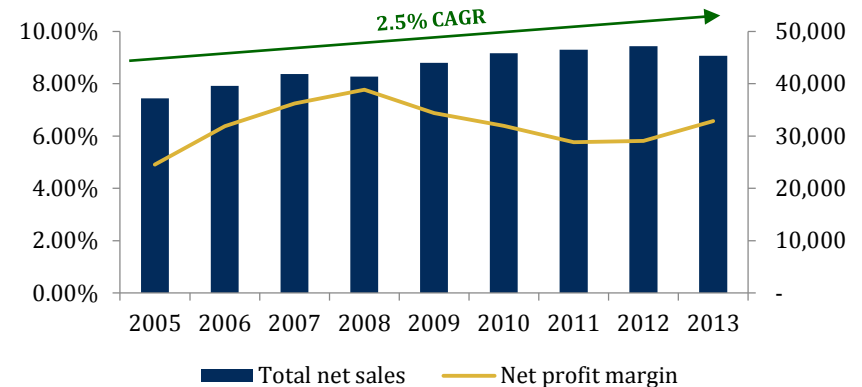
### Business Overview

- World's largest defense contractor by 2013 sales, approximately \$45.00Bn in revenue
- **Customer breakdown:**
  - US government – 82%
  - US commercial – 1%
  - Foreign governments – 17%
- **Business segment breakdown:**
  - Aeronautics
  - Information Systems & Global Solutions
  - Missile & Fire Control
  - Mission Systems & Training
  - Space Systems
  - Electronic Systems (defunct)
- **Products include:**
  - F-35 Lightning II
  - F-22 Raptor
  - C-130 Hercules
  - Javelin & Hellfire Missiles

### Revenue by Segment



### Revenue (\$Bn) and Profit Margin



Source: Yahoo Finance and S&P Capital IQ

# Lockheed Martin Corporation

## Industry Analysis

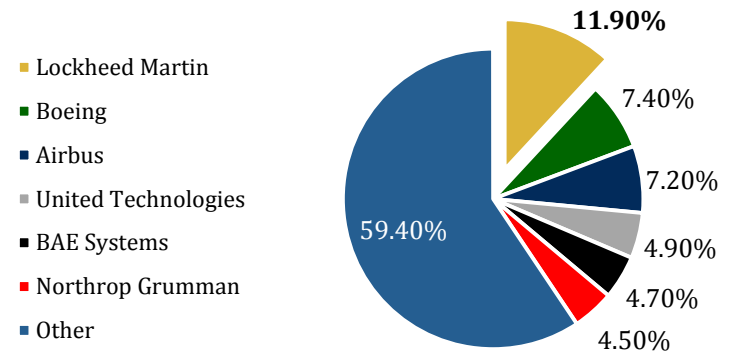


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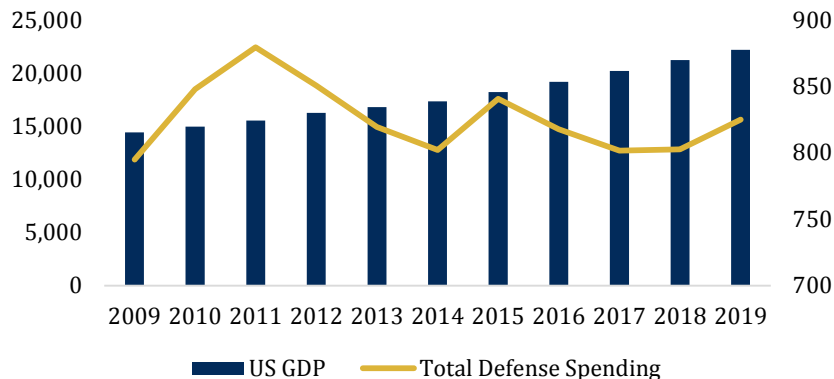
### Porter's Five Forces

<b>Industry Rivalry</b>	<b>Fierce competition between domestic and foreign firms; some cooperation</b>
<b>Threat of Substitutes</b>	<b>National security always a major security concern for US &amp; NATO members</b>
<b>New Entrants</b>	<b>Incredibly high barriers to entry</b>
<b>Power of Buyers</b>	<b>Highly concentrated buyer base around developed nations like US, Russia, China</b>
<b>Power of Suppliers</b>	<b>Major defense firms have significant purchasing power from suppliers</b>

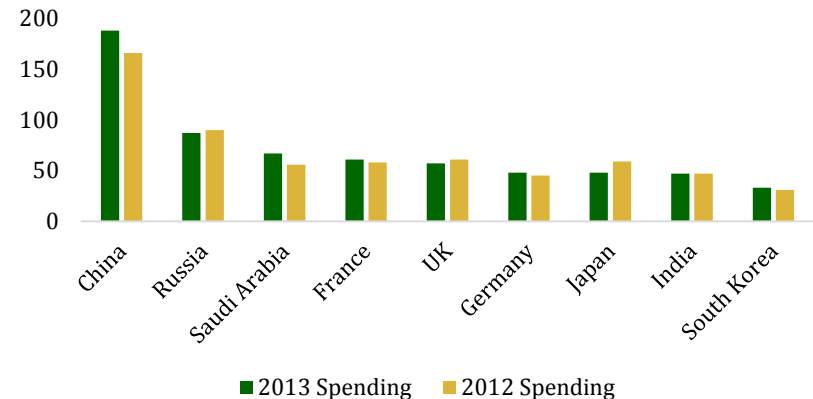
### Market Share Breakdown



### US Military Spending (\$Bn)



### Non-US Military Spending (\$Bn)



Source: Yahoo Finance and S&P Capital IQ

# Lockheed Martin Corporation

## Valuation and Thesis



### Recommendation: BUY

Valuation Method	Weight	Valuation	Contribution
Implied Dividend Discount Model	50%	\$198.77	\$99.39
Forward P / E	0%	\$178.84	\$0.00
Forward EV / EBITDA	0%	\$175.91	\$0.00
DFCF / Share	50%	\$186.43	\$93.21
<b>Intrinsic Value</b>			<b>\$192.60</b>
Market Price (11/21/14)			\$185.80
<b>Estimated Upside / (Downside)</b>			<b>3.66%</b>

### Investment Thesis:

- Market leader in an enduring industry with a significant economic moat
- Significant opportunities from developing nations with archaic military technology
- Diversification into increasingly complex software security product lines
- Consistently high free cash flow (~\$4B per year) fuel investor-friendly dividend and repurchase plans

# Live Nation Entertainment

NYSE: LYV



ONE NATION UNDER MUSIC

**Price (11/21/14):** \$26.04

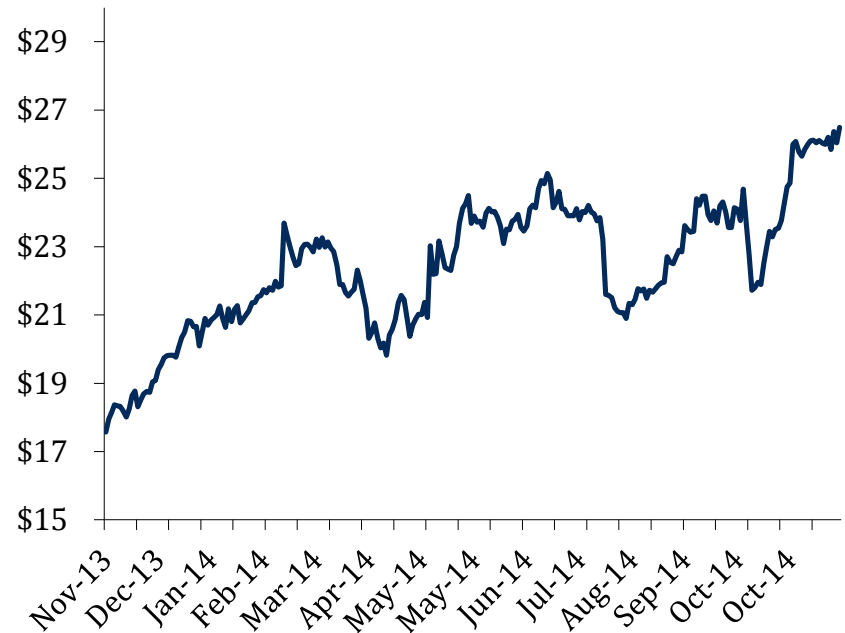
**Market Cap:** \$5.28Bn

**1-Year Forward P/E:** >100.0x

**Dividend Yield** -

**LTM EPS** \$0.03

## 1-Year Price Chart



## Focus – Fundamental Analysis

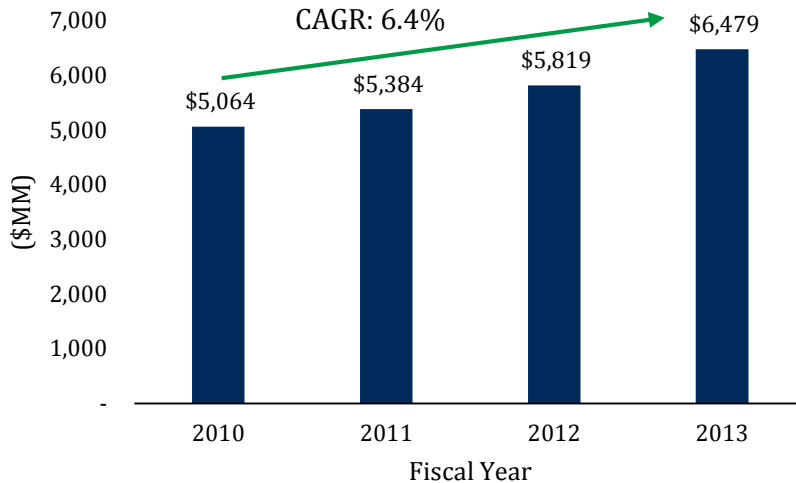
# Live Nation Entertainment

## Overview

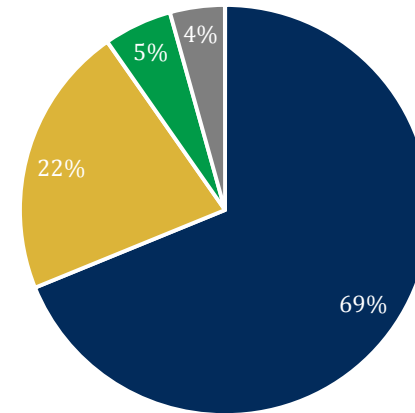


- Largest live entertainment company
- Connects nearly 400 million fans across over 240,000 events in 33 countries
- Promotes leading artists including Jay-Z, Jason Aldean, Maroon 5, Rihanna, etc.

### Historical Revenues



### 2013 Revenue by Segment



- Concerts
- Ticketing
- Artist Nation
- Sponsorship & Advertising

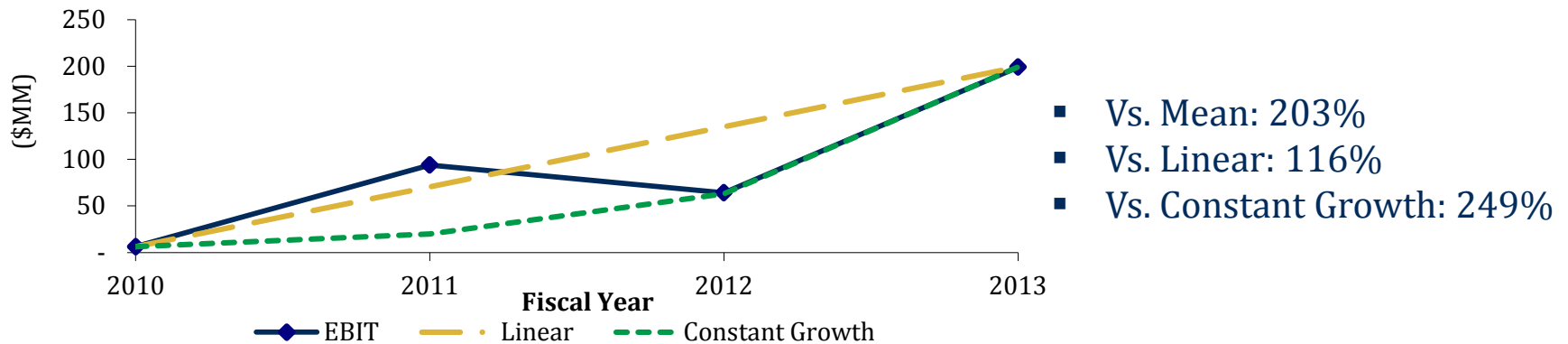
- Controls nearly the entire production of a concert with these four segments

# Live Nation Entertainment

## Business and Financial Risk

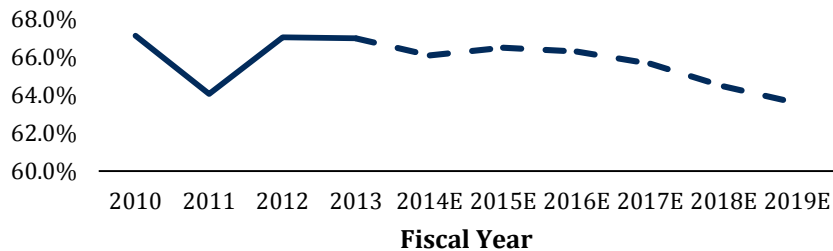


### Business Risk – EBIT Volatility

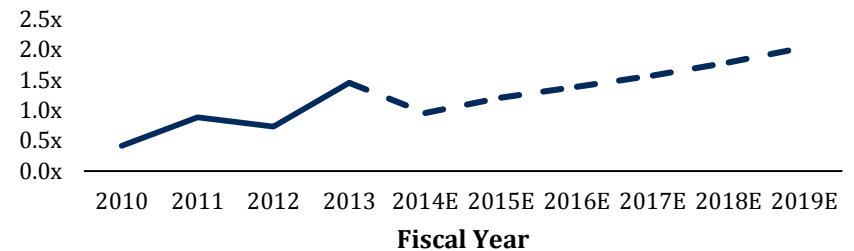


### Financial Risk

#### Total Debt to Capital



#### Interest Coverage Ratio



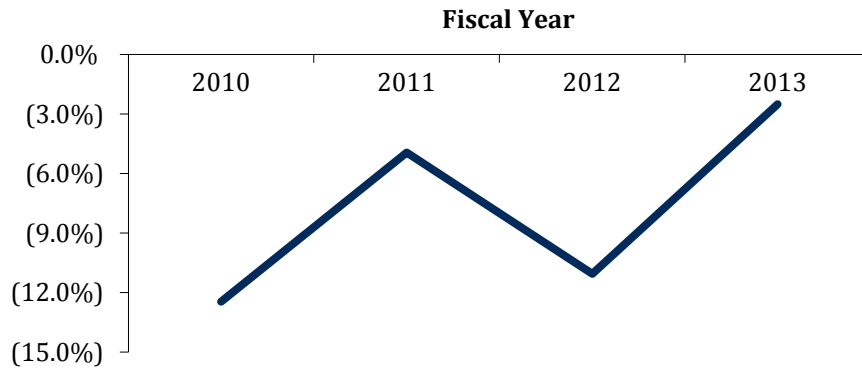
Source: SEC Filings and S&P Capital IQ

# Live Nation Entertainment

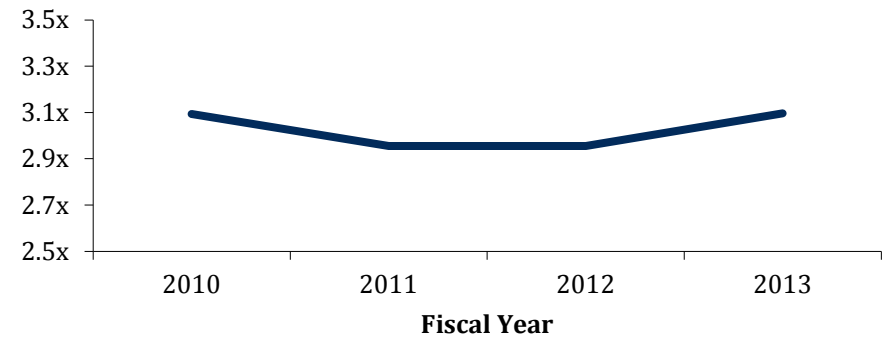
## ROE – DuPont Analysis



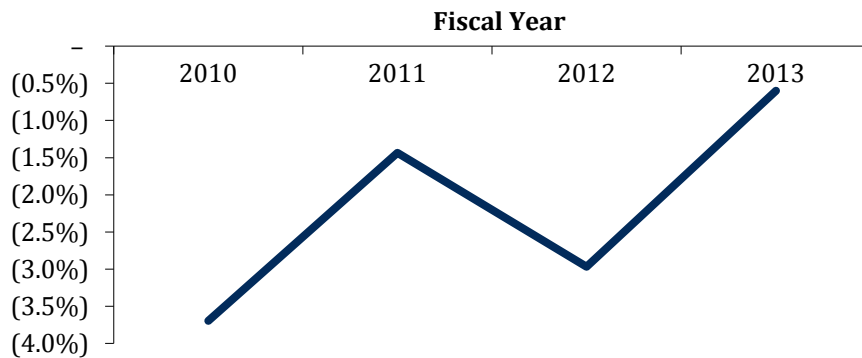
### Return on Equity



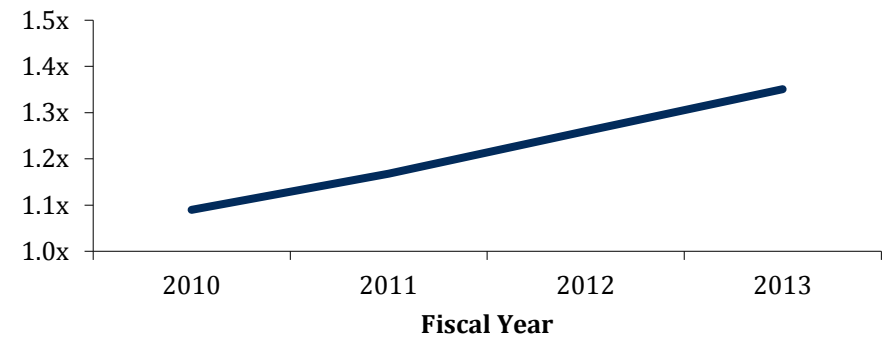
### Financial Leverage



### Net Profit Margin



### Capital Turnover





# Live Nation Entertainment

## Valuation and Thesis



### Recommendation: SELL

Valuation Method	Weight	Valuation	Contribution
Book Value / Share	0%	\$8.19	\$ -
Forward P / E	0%	\$8.07	\$ -
Forward Price / Sales	30%	\$25.31	\$7.59
Forward Price / EBITDA	20%	\$27.95	\$5.59
DFCF / Share	20%	\$9.01	\$1.80
Forward Price / Operating Income	0%	\$11.83	\$ -
EV / EBITDA	30%	\$27.47	\$8.24
<b>Intrinsic Value</b>			<b>\$23.23</b>
Market Price (11/21/14)			\$26.04
<b>Estimated Upside / (Downside)</b>			<b>(10.8%)</b>

### Investment Thesis

- Unfavorable cost structure
- High leverage
- Inherently volatile industry

# SeaWorld Entertainment

NYSE: SEAS



**Price (11/21/14):** \$17.07

**1-Year Forward P/E:** 17.57

**Market Cap:** \$1.51B

**Dividend Yield:** 4.93%

**LTM EPS:** \$0.71

1-Year Price Chart



**Focus – Fundamental Analysis**

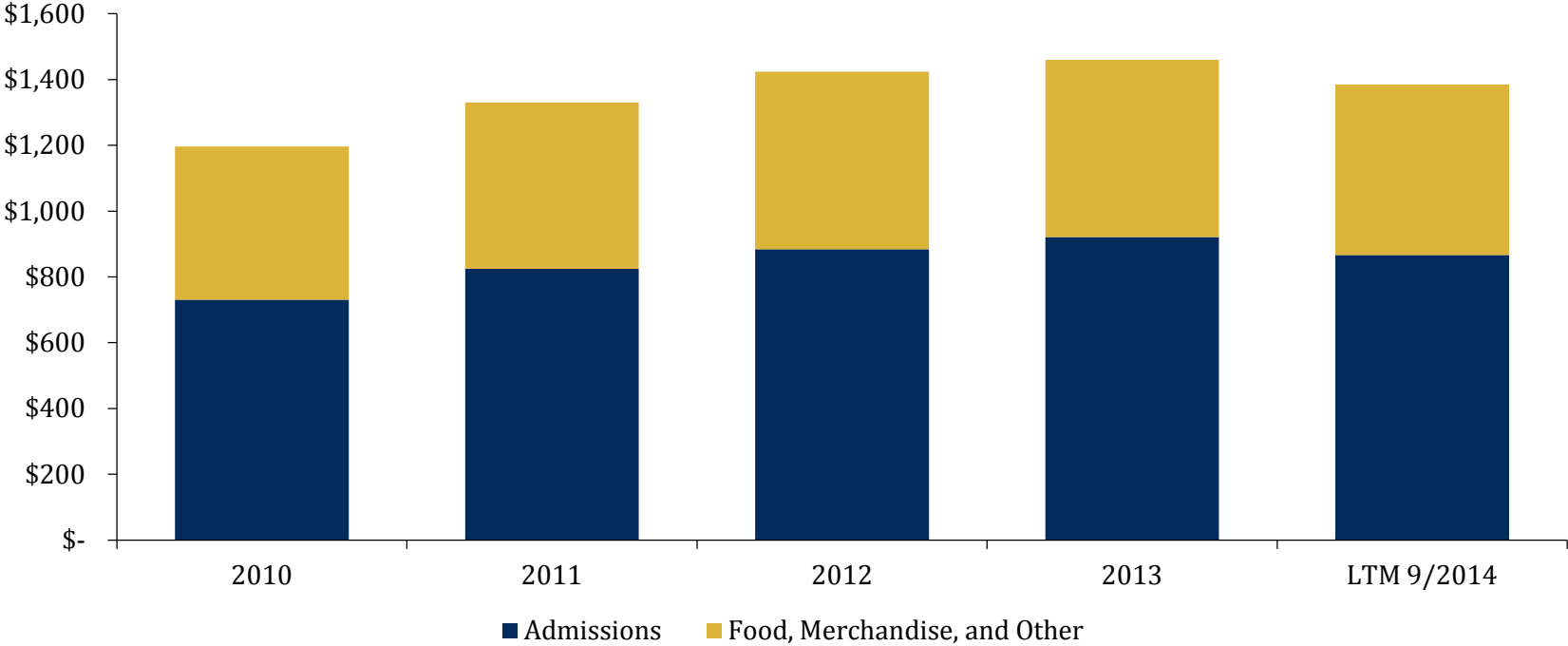
# SeaWorld Entertainment

## Overview



SeaWorld Entertainment operates 11 theme parks across 5 major regions. The company includes SeaWorld, Busch Gardens, Discovery Cove, and several other parks.

### Historical Revenue (\$MM)



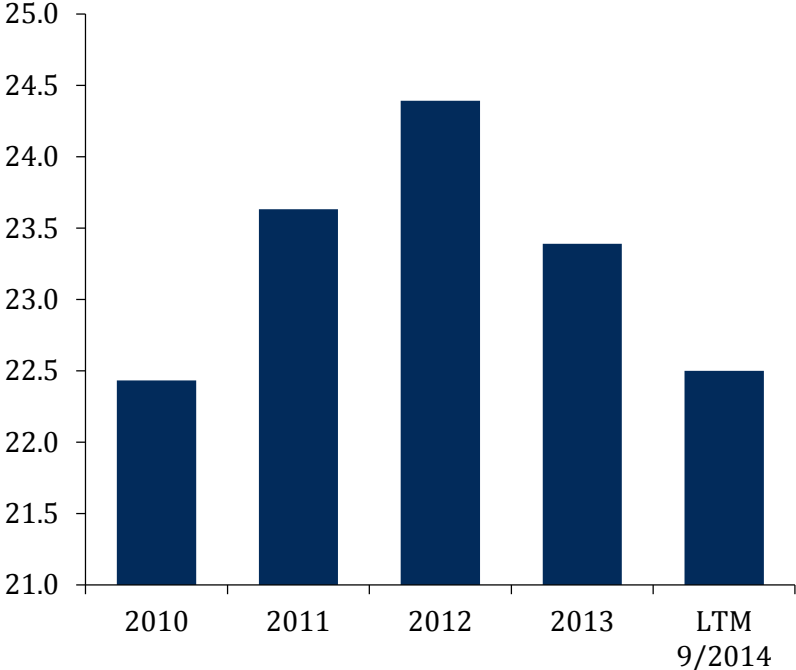
Source: Yahoo Finance and S&P Capital IQ

# SeaWorld Entertainment

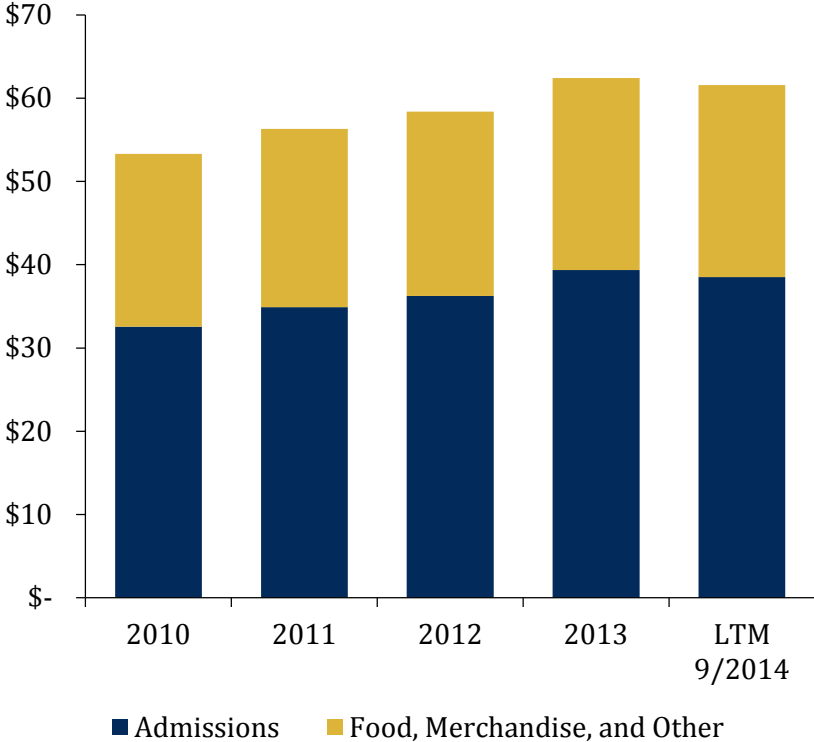
## Overview



**Attendance (MM)**



**Revenue per Capita**



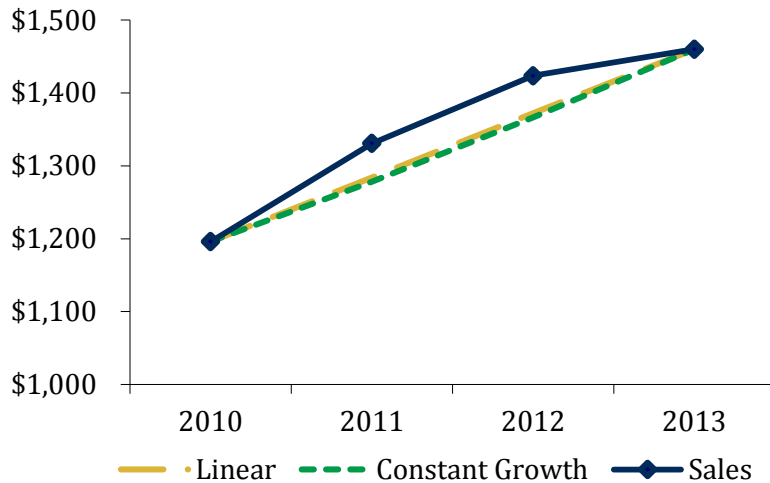
Source: Company Reports

# SeaWorld Entertainment

## Business Risk



### Sales Volatility (\$MM)



### Overall Business Risk

- Reliant on economy, consumer confidence, discretionary income, and tourism
- High degree of operating leverage
- Negative media attention (Blackfish)

### Volatility and Operating Leverage

- Sales Volatility (Linear) = 2.6%
- EBIT Volatility (Linear) = 14.0%
- Operating Leverage = 5.61x

### Overall Business Risk

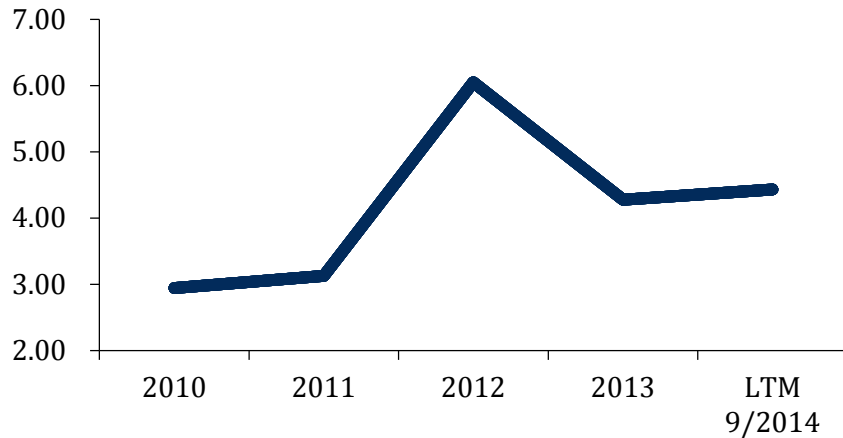
**HIGH**

# SeaWorld Entertainment

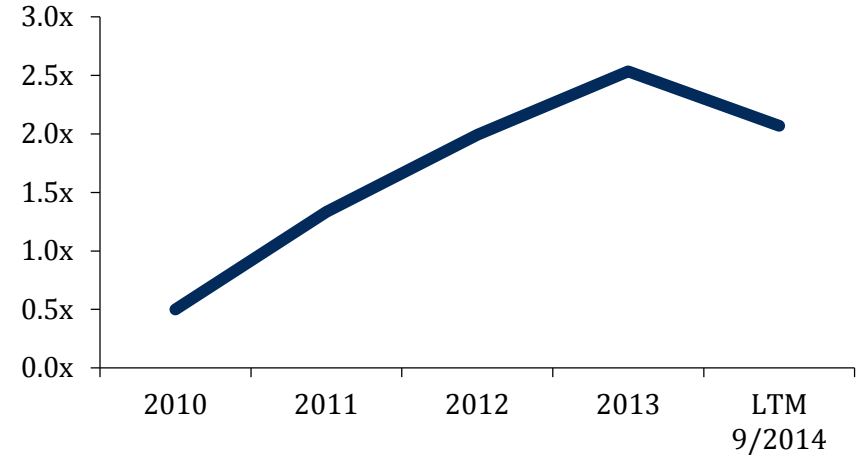
## Financial Risk



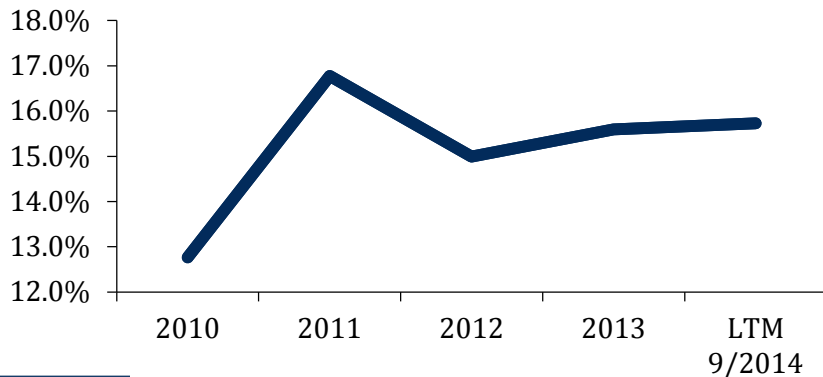
### Leverage Ratio



### Times Interest Earned



### Cash Flow / Total Debt



**Overall Financial Risk**

**HIGH**

Source: Company Reports

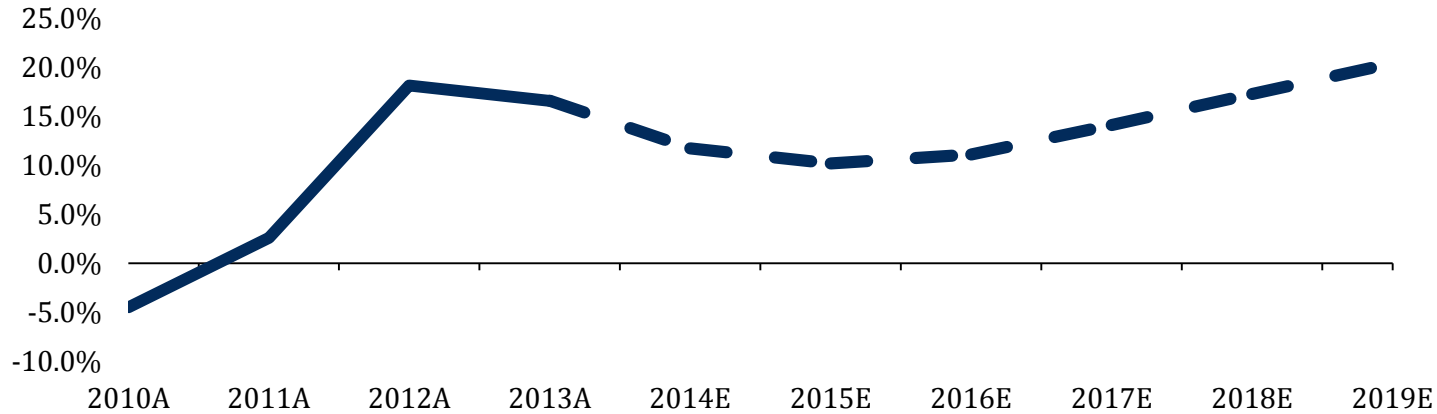
Note: Quarterly information on operating leases is not given. LTM 9/2013 operating leases assumed equal to 2013 operating leases.

# SeaWorld Entertainment

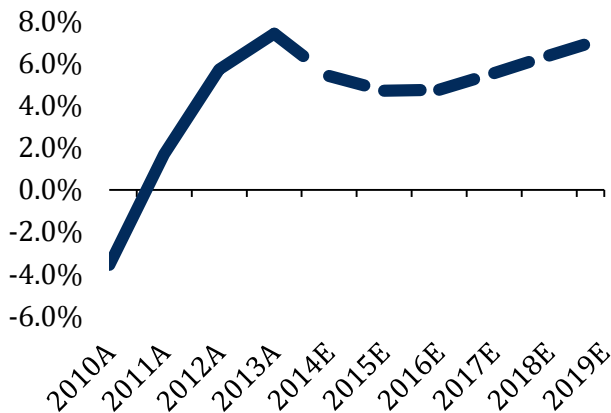
## DuPont Analysis: ROE with Components



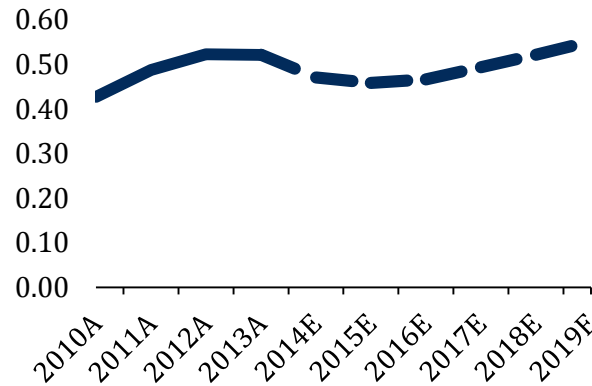
### Return on Equity



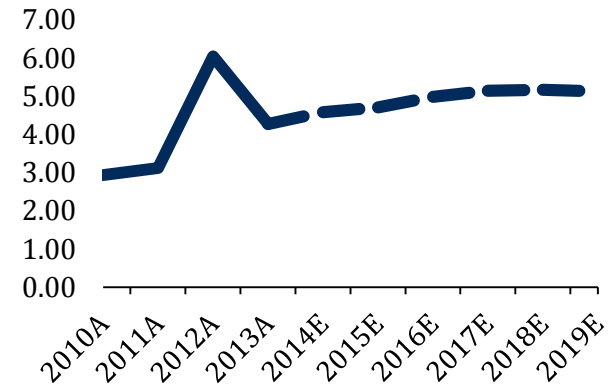
### Net Profit Margin



### Capital Turnover



### Leverage



Source: Company Reports

Note: Quarterly information on operating leases is not given. LTM 9/2013 operating leases assumed equal to 2013 operating leases.

# SeaWorld Entertainment

## Valuation and Thesis



**Recommendation: NO BUY**

Valuation Method	Weight	Valuation	Contribution
Dividend Discount Model	10%	\$15.78	\$1.58
Forward P / E	10%	\$16.75	\$ 1.67
Forward EV / EBITDA	10%	\$18.00	\$1.80
DFCF / Share	70%	\$16.87	\$11.81
<b>Intrinsic Value</b>			<b>\$16.86</b>
Market Price (11/21/14)			\$17.07
<b>Estimated Upside / (Downside)</b>			<b>(1.2)%</b>

### Investment Thesis:

- Long turnaround
- High degree of operating leverage
- Overvalued given risk profile and fundamentals



# Las Vegas Sands Corp.

NYSE: LVS

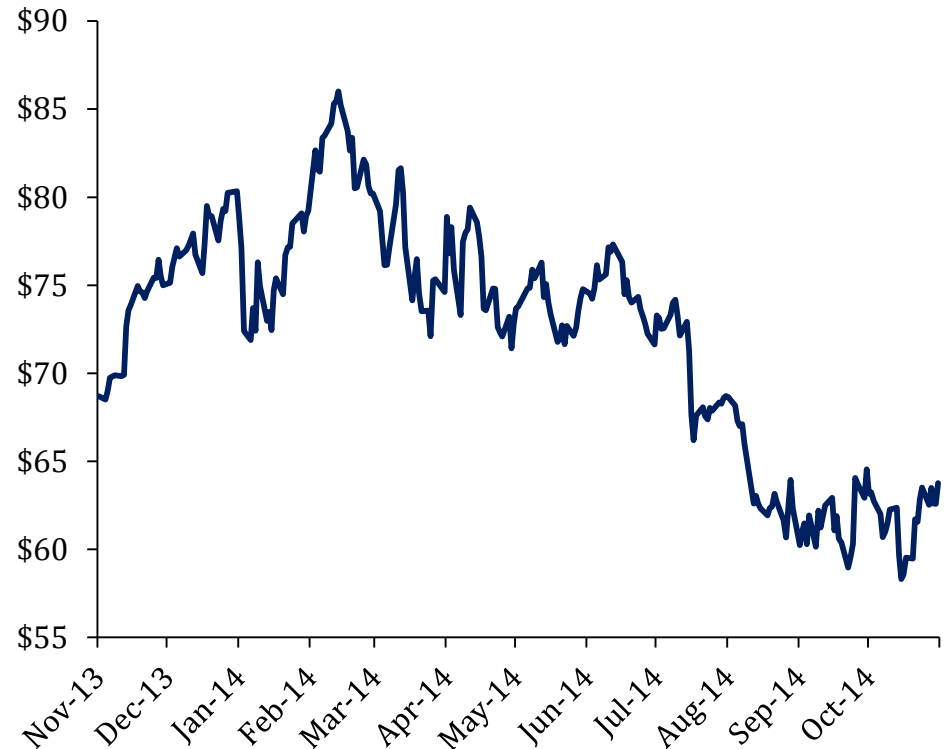


UNIVERSITY OF  
NOTRE DAME



**Price (11/21/14):** \$63.79  
**1-Year Forward P/E:** 19.00  
**Market Cap:** \$49.56Bn  
**Dividend Yield:** 3.13%  
**LTM EPS:** \$3.39

### 1-Year Price Chart



**Focus: Multiples Analysis**

# Las Vegas Sands Corp.

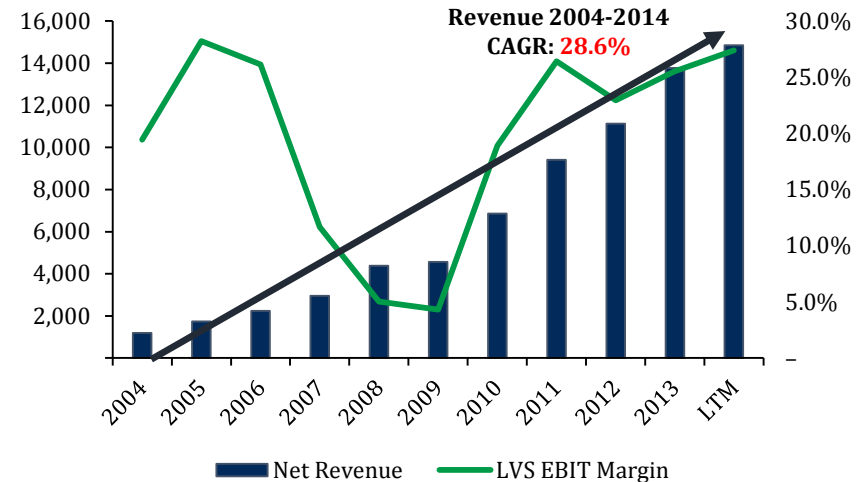
## Overview



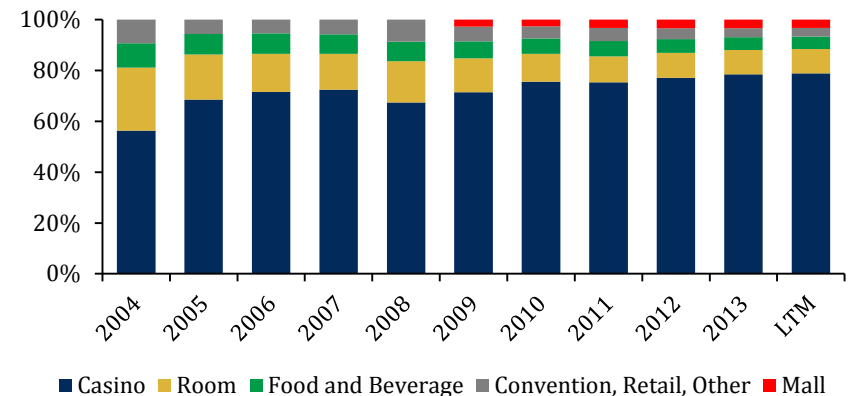
### LVS Overview

- **End Markets (% revenue):**
  - Macau – 74%
  - United States – 16%
  - Singapore – 10%
  
- **World-class facilities include:**
  - Robust gaming for VIP and Mass Market
  - Luxury hotels and entertainment
  - Extensive retail and dining options
  - Business and convention centers
  
- **Recent Weakness in Macau:**
  - Industry VIP gaming revenue down 25%
  - Broad crackdown on corruption within
  - Leading market share among Mass Market consumer (30%, #2=24%)
  - **Mitigant:** Diverse product offering and focus on serving middle class

### Historical Revenue & Operating Margin



### Revenue by Product Offering



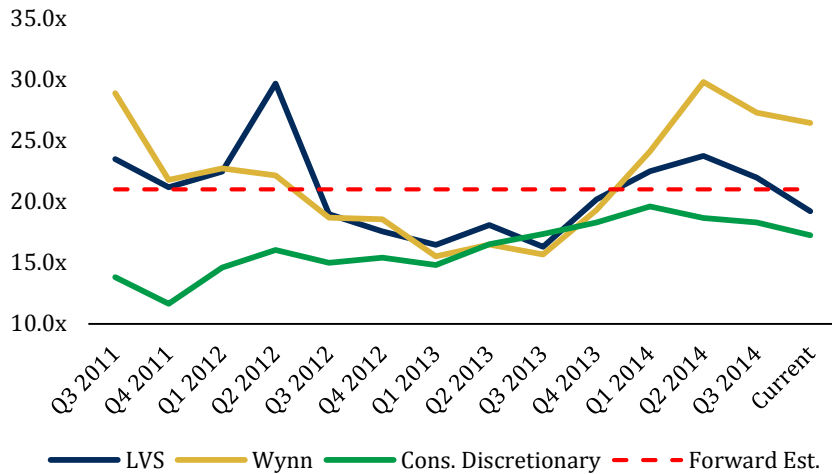
# Multiples Analysis

Las Vegas Sands Corp.

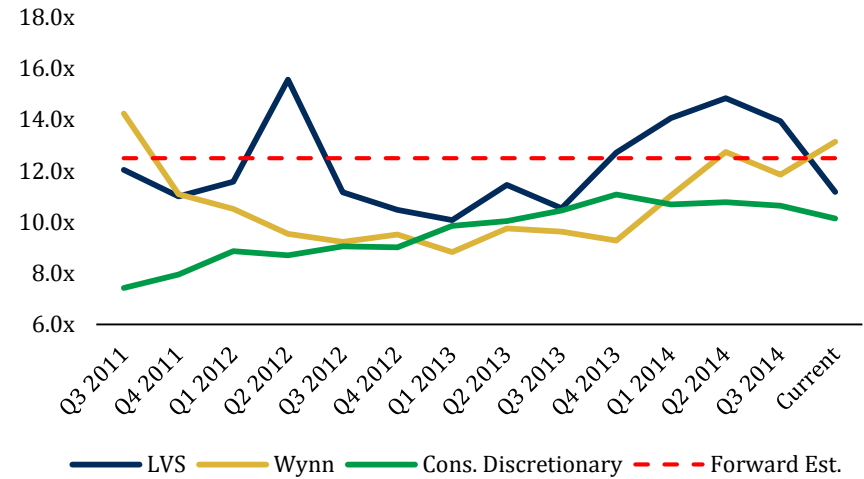


- Analyze various forward multiples including P/E, EV/EBITDA and P/Sales over a three year period
- Compare LVS to other players like Wynn Resorts as well as the broader S&P Cons. Discretionary index
- Determined that current implied multiples were too low relative to three year relationship***

## Forward Price/Earnings



## Forward EV/EBITDA



Avg.	Current	Estimate	2015 Earnings	Intrinsic Value
20.7x	19.0x	21.0x	\$3.70	\$77.64

Avg.	Current	Estimate	2015 EBITDA	Intrinsic Value
12.2x	11.5x	12.5x	\$5,150	\$65.61

# Valuation and Thesis

Las Vegas Sands Corp.



## Recommendation: BUY

Valuation Method	Weight	Valuation	Contribution
Forward EV/EBITDA	65%	\$65.61	\$ 8.53
Forward P / E	25%	\$77.64	\$ 3.88
Forward Price / Sales	10%	\$56.15	\$1.12
Final Multiples Intrinsic Value	20%	\$67.67	13.53
DFCF / Share	70%	\$68.54	\$47.98
Dividend Discount Model / Share	10%	\$83.99	\$8.40
<b>Intrinsic Value</b>			<b>\$69.91</b>
Market Price (11/21/14)			\$63.79
<b>Estimated Upside / (Downside)</b>			<b>9.6%</b>

### Investment Thesis:

- Best-in-class operator with diverse product offering oversold on recent weakness in Macau
- Medium-to-Long-term trends intact as Chinese middle class continues to expand
- Strong management has positioned LVS well to take advantage of new Asian markets

# Seadrill Limited

NYSE: SDRL



# Seadrill

**Price (11/21/14):** \$21.36

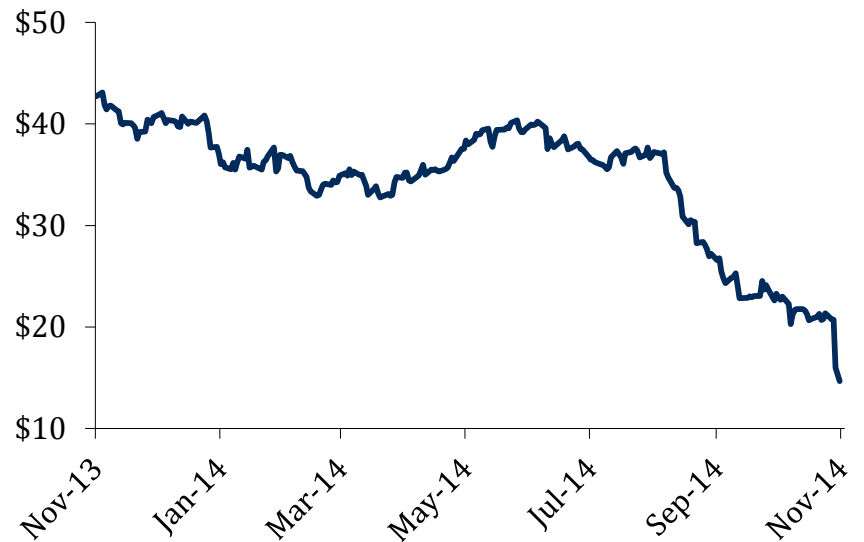
**1-Year Forward P/E:** 4.79

**Market Cap:** \$10.0Bn

**Dividend Yield:** -

**LTM EPS:** \$8.94

1-Year Price Chart



**Focus – Dividend Discount Model**

# Seadrill Limited

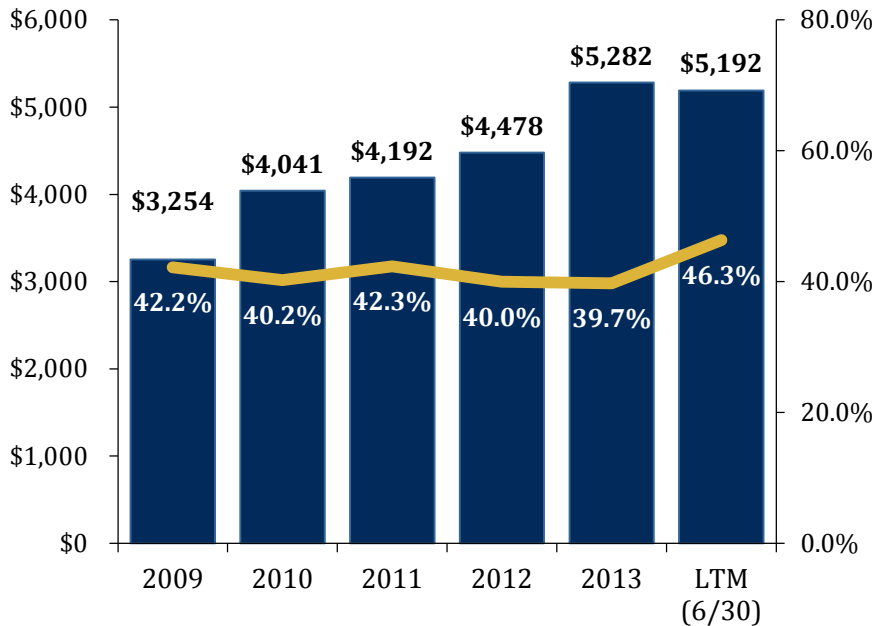
## Overview



### Company Overview

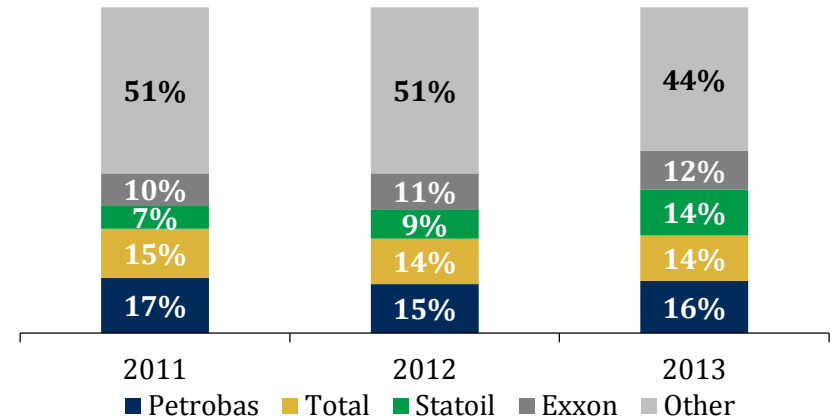
- Global offshore drilling contractor operating in shallow and deepwater environments

### Revenue & Gross Margin History (\$MM)

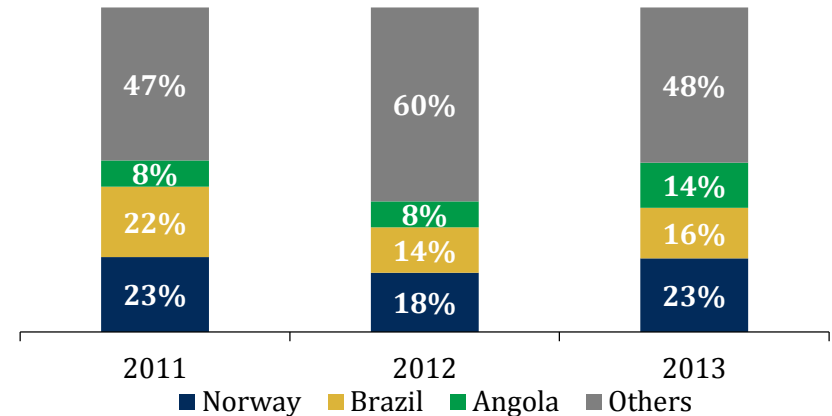


Source: Company filings

### Revenue by Customer



### Revenue by Geography



# Seadrill Limited

## Dividend Discount Model



### Historical & Projected Dividends

FY	Q1	Q2	Q3	Q4	Yearly Total	% Increase	Payout Ratio	
2010	\$0.60	\$0.61	\$0.65	\$0.88	<b>\$2.74</b>	0.0%	84.5%	
2011	\$0.75	\$0.75	\$0.76	\$0.80	<b>\$3.06</b>	11.7%	97.2%	
2012	\$0.97	\$0.84	\$0.85	\$0.85	<b>\$3.51</b>	14.7%	159.7%	
2013	\$0.88	\$0.91	\$0.95	\$0.98	<b>\$3.72</b>	6.0%	46.2%	
FY	Q1	Q2	Q3	Q4	Yearly Total	% Increase	Payout Ratio	PV
2014(e)	\$1.00	\$1.00	\$1.00	\$1.00	<b>\$4.00</b>	7.5%	48.5%	\$1.91
2015(e)	\$0.58	\$0.58	\$0.58	\$0.58	<b>\$2.31</b>	-42.3%	75.0%	\$2.11
2016(e)	\$0.62	\$0.62	\$0.62	\$0.62	<b>\$2.47</b>	6.9%	75.0%	\$2.07
2017(e)	\$0.64	\$0.64	\$0.64	\$0.64	<b>\$2.57</b>	4.4%	75.0%	\$1.98
2018(e)	\$0.63	\$0.63	\$0.63	\$0.63	<b>\$2.52</b>	-1.9%	75.0%	\$1.78
2019(e)	\$0.63	\$0.63	\$0.63	\$0.63	<b>\$2.54</b>	0.6%	75.0%	\$1.64
<b>Discounted Continuing Value</b>						1.0%		<b>\$20.42</b>
<b>Intrinsic Value</b>								<b>\$31.92</b>
Current Share Price (11/21/14)								\$21.36
<b>Upside to Current Share Price</b>								<b>49.42%</b>

Source: Analyst projections; Company filings

# Seadrill Limited

## Valuation & Thesis



### Recommendation: Buy

Valuation Method	Weight	Valuation	Contribution
Book Value/Share	-	\$22.92	-
DFCF/Share	40%	\$27.76	\$11.10
Dividend Discount Model	60%	\$31.98	\$19.19
EV/EBITDA	-	\$38.95	-
Price/Book	-	\$26.82	-
Price/Sales	-	\$28.60	-
<b>Intrinsic Value</b>			<b>\$30.29</b>
Market Price (11/21/14)			\$21.36
<b>Estimated Upside / (Downside)</b>			<b>44.8%</b>

### Investment Thesis:

- Depressed stock due to ~40% decline in crude oil prices since June
- New fleet relative to industry
- Current revenue backlog of \$20 billion

Source: Analyst projections; Company filings



# Seadrill Limited

## Subsequent News



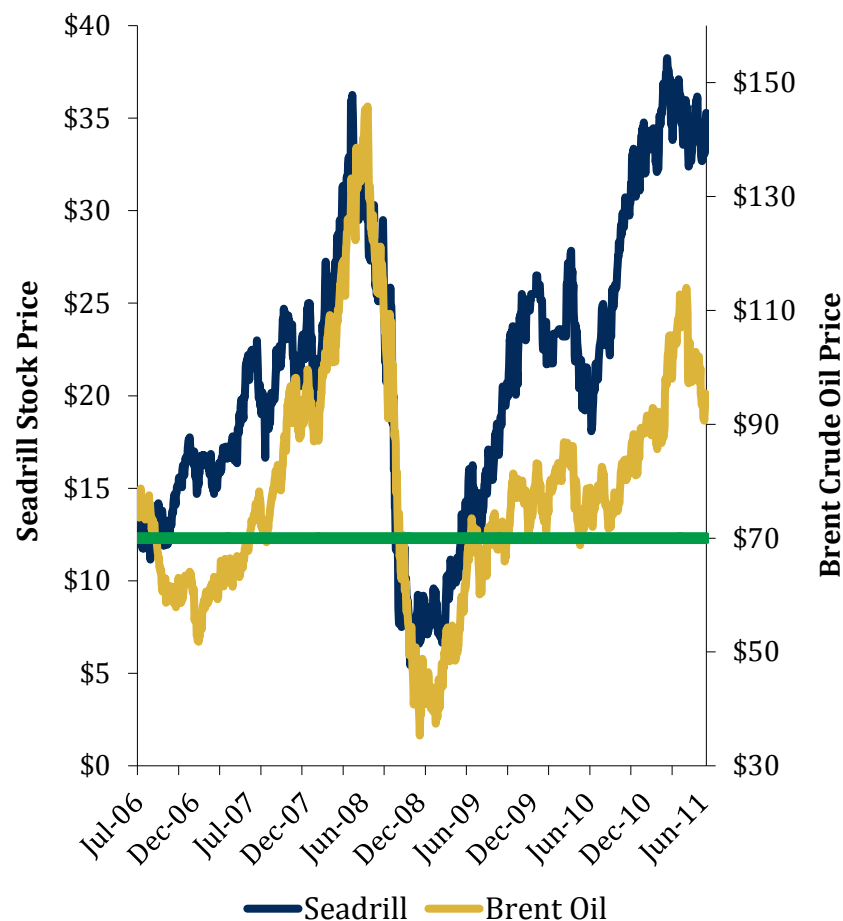
### Dividend Suspension

- Seadrill announced on Wednesday, November 26 that it would temporarily suspend its dividend
- Suspension improves the company's capital position by \$2 billion per year
- Company will focus on delevering balance sheet and pursuing growth through consolidation opportunities

### Share Repurchase Program

- Seadrill authorized a share buyback program for up to 10% of shares outstanding

### Seadrill vs. Brent Oil 2006-11



# Under Armour, Inc.

NYSE: UA



**Price (11/21/14):** \$69.30

**1-Year Forward P/E:** 65.68

**Market Cap:** \$14.8Bn

**Dividend Yield:** -

**LTM EPS:** \$0.84



**Focus – Beta, WACC, & Free Cash Flow Model**

# Under Armour, Inc.

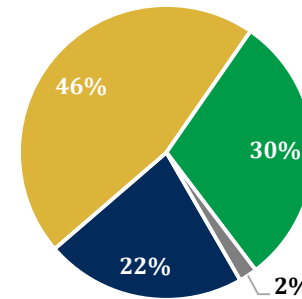
## Overview



### Business Overview

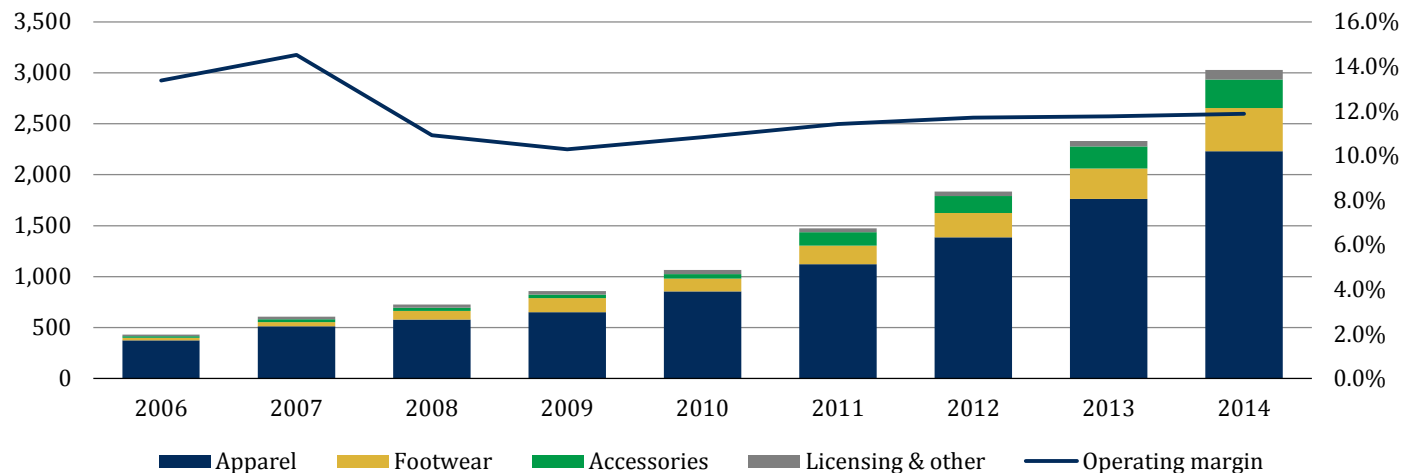
- Principal business activities: development, marketing, and distribution of branded performance apparel, footwear and accessories
- 2013 revenue breakdown:
  - Apparel: 75.6%
  - Footwear: 12.8%
  - Accessories: 9.3%
  - International: 6%

### 2013 Revenue By Channel



■ Dick's and Sports Authority 
 ■ Other wholesale 
 ■ Direct to consumer 
 ■ Licensing

### Historical Revenue By Product (\$MM)



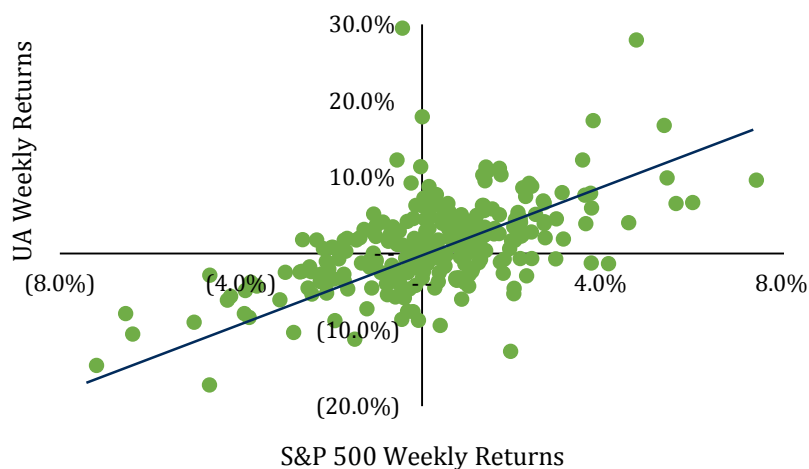
Source: Company filings

# Under Armour, Inc.

## Beta and WACC



### Beta Regression



### Beta Calculation

Regression	Beta	Weight
UA - daily	1.403	25%
UA - weekly	1.552	25%
Nike - daily	0.906	25%
Nike - weekly	0.923	25%
Calculated beta	1.196	67%
Mean reversion	1.00	33%
<b>Final beta</b>	<b>1.130</b>	

Rationale: high historical beta to revert toward industry and market average as business matures

### WACC Calculation (\$MM)

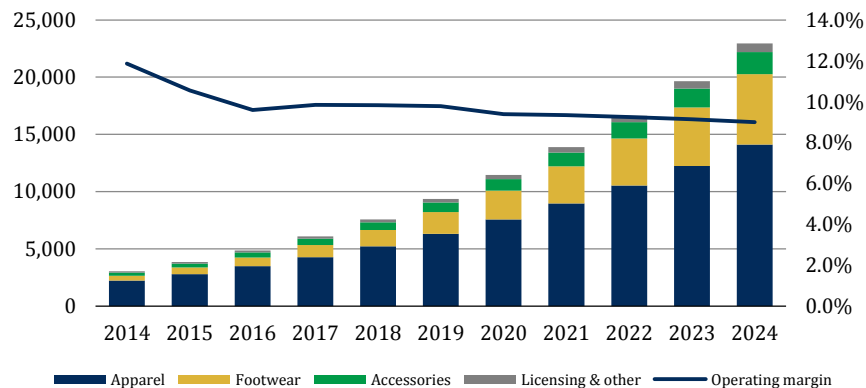
Total debt	Pre-Tax Cost of Debt	Total Equity	Cost of Equity	Debt + Equity	Tax Rate	WACC
\$879	3.33%	\$14,604	8.01%	\$15,483	40.0%	7.67%

# Under Armour, Inc.

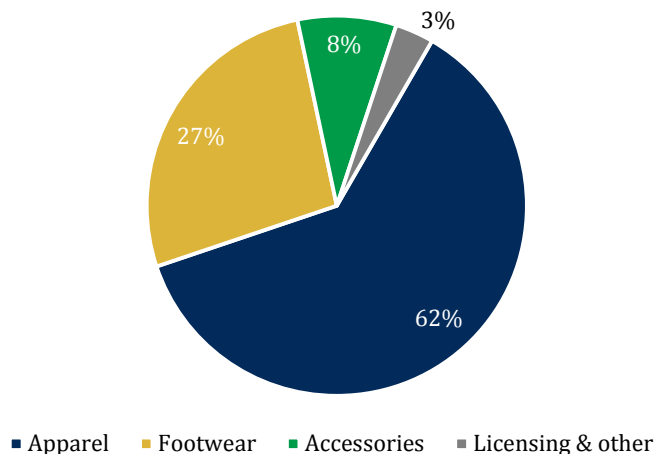
## Free Cash Flow Model



### Projected Revenue by Product (\$MM)



### 2024 Revenue by Product



### FCF Value Per Share Calculation (\$MM)

Present value of FCFs (years 2014-2024)	\$2,850
Value of perpetuity	\$20,657
Present value of perpetuity	\$10,173
<i>% of equity value</i>	<i>80.9%</i>
Excess cash	\$430
<b>Entity (firm) value</b>	<b>\$13,454</b>
Total debt	\$879
<b>Equity value</b>	<b>\$12,574</b>
Shares outstanding (as of 9/30/14)	213.7
<b>Free cash flow value per share</b>	<b>\$58.84</b>

# Under Armour, Inc.

## Valuation and Thesis



### Recommendation: NO BUY

Valuation Method	Weight	Valuation	Contribution
Book Value / Share	0%	\$5.97	-
Forward P / E	20%	\$46.32	\$9.26
Forward Price / Sales	0%	\$45.01	-
Forward Price / Book	0%	\$57.49	-
Base Case DFCF / Share	40%	\$58.84	\$23.54
Downside Case DFCF / Share	20%	\$27.92	\$5.58
Upside Case DFCF / Share	20%	\$101.38	\$20.28
<b>Intrinsic Value</b>			<b>\$58.66</b>
Market Price (11/21/14)			\$69.30
<b>Estimated Upside / (Downside)</b>			<b>(15.4%)</b>

### Investment Thesis:

- Strong and growing brand
- Consistently high top- and bottom-line growth
- Value dependent on unproven success in footwear and international divisions
- Great company, overvalued stock

# New Oriental Education and Technology Group

NYSE: EDU



New Oriental Education & Technology Group

**Price (11/21/14):** \$22.34

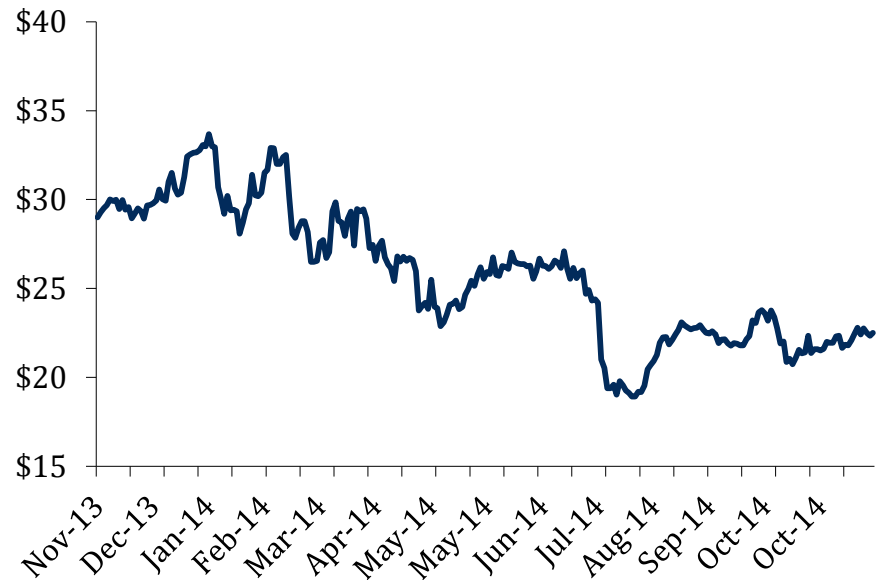
**1-Year Forward P/E:** 13.28

**Market Cap:** \$3.45Bn

**Dividend Yield:** -

**LTM EPS:** \$1.27

## 1-Year Price Chart



**Focus: Technical Analysis**

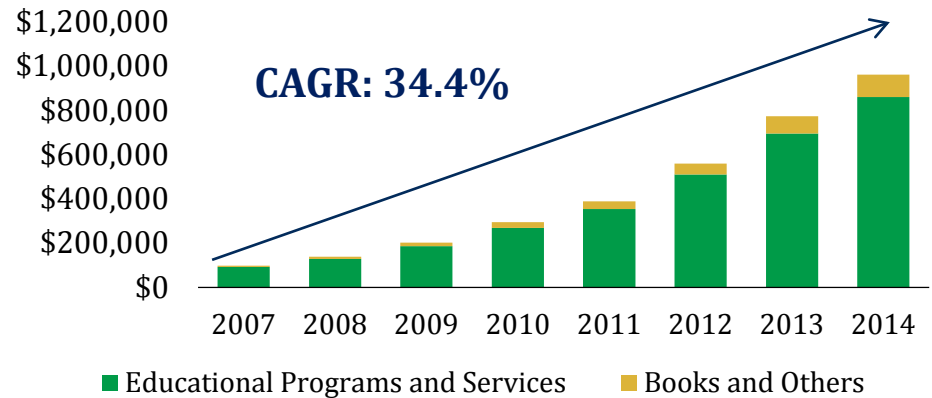
# New Oriental Education and Technology Group

## Overview

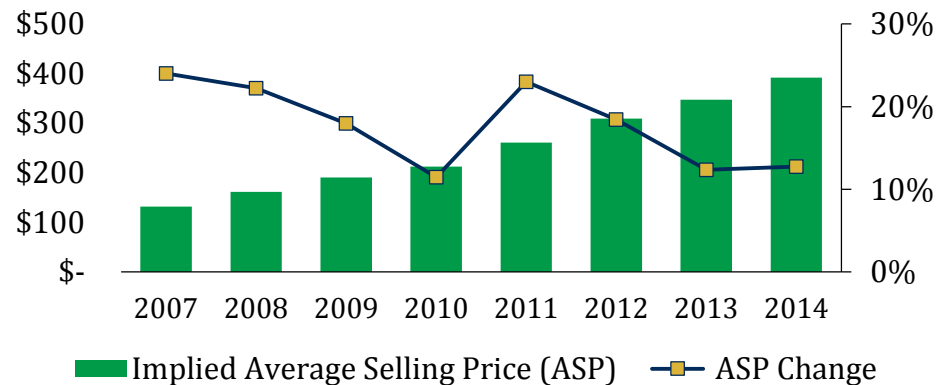


- Largest provider of private educational services in China
- **Programs and services:**
  1. Test preparation
  2. K-12 after-school tutoring
  3. Language training
  4. Primary and secondary schools and kindergartens
  5. Educational content, software and other technology development and distribution
  6. Online education
  7. Other services and products
- Since 1993, has had approximately 19.6M student enrollments

### Historical Revenue



### Average Selling Price (ASP) per Class



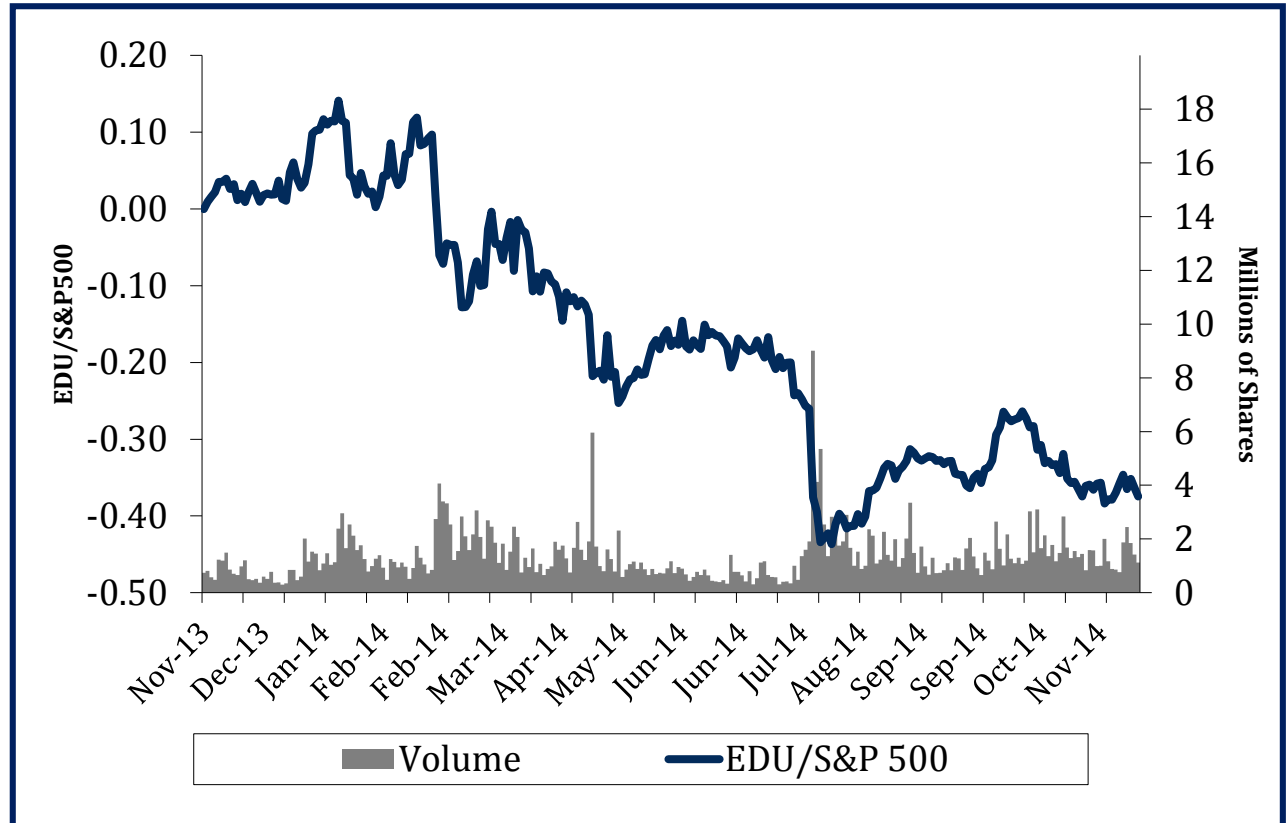


# New Oriental Education and Technology Group

Technical Analysis – Relative Strength (1-year)



Relative Strength	SELL
Moving Averages	
Support & Resistance	
Up/Down Volume Ratio	
Technical Analysis Assessment	



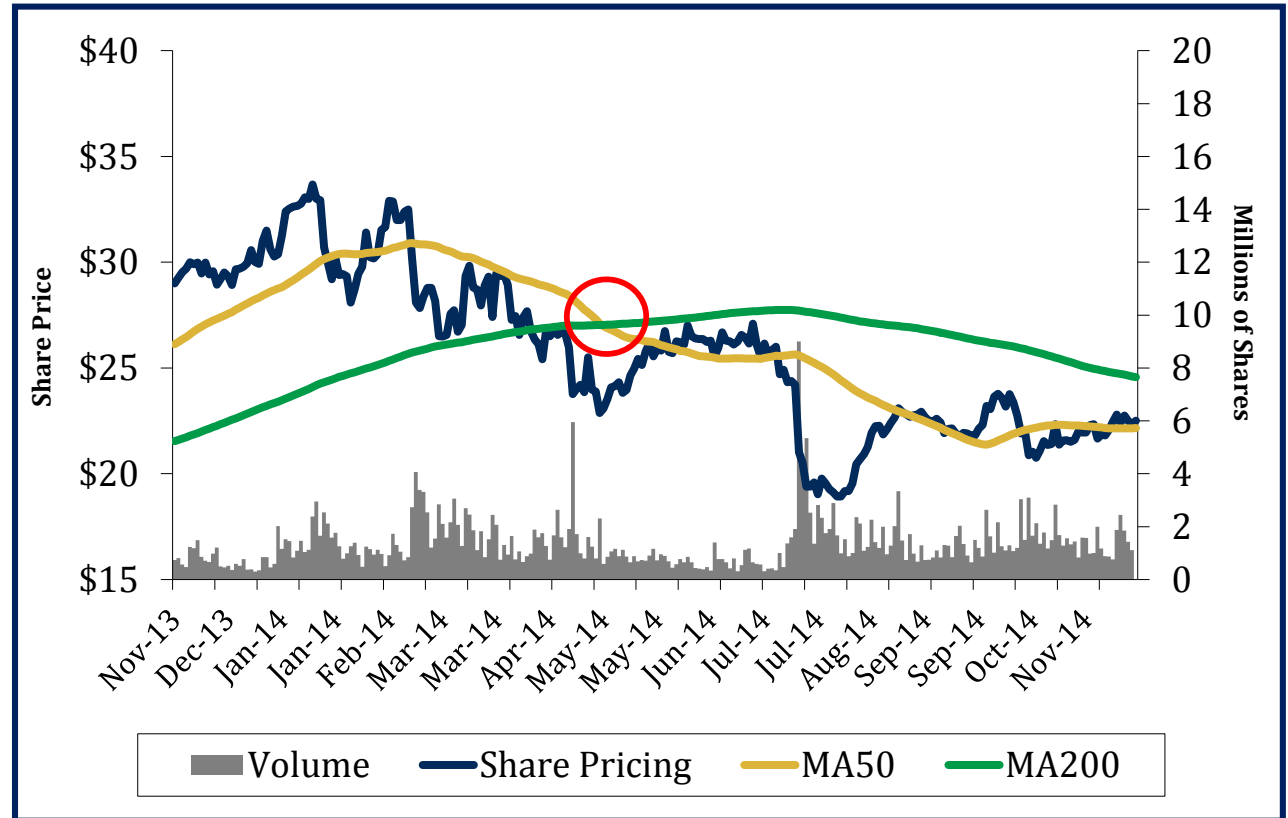
Relative Strength: Examines performance of a stock relative to a market index

# New Oriental Education and Technology Group

Technical Analysis – Moving Averages (1-year)



Relative Strength	SELL
Moving Averages	SELL
Support & Resistance	
Up/Down Volume Ratio	
Technical Analysis Assessment	



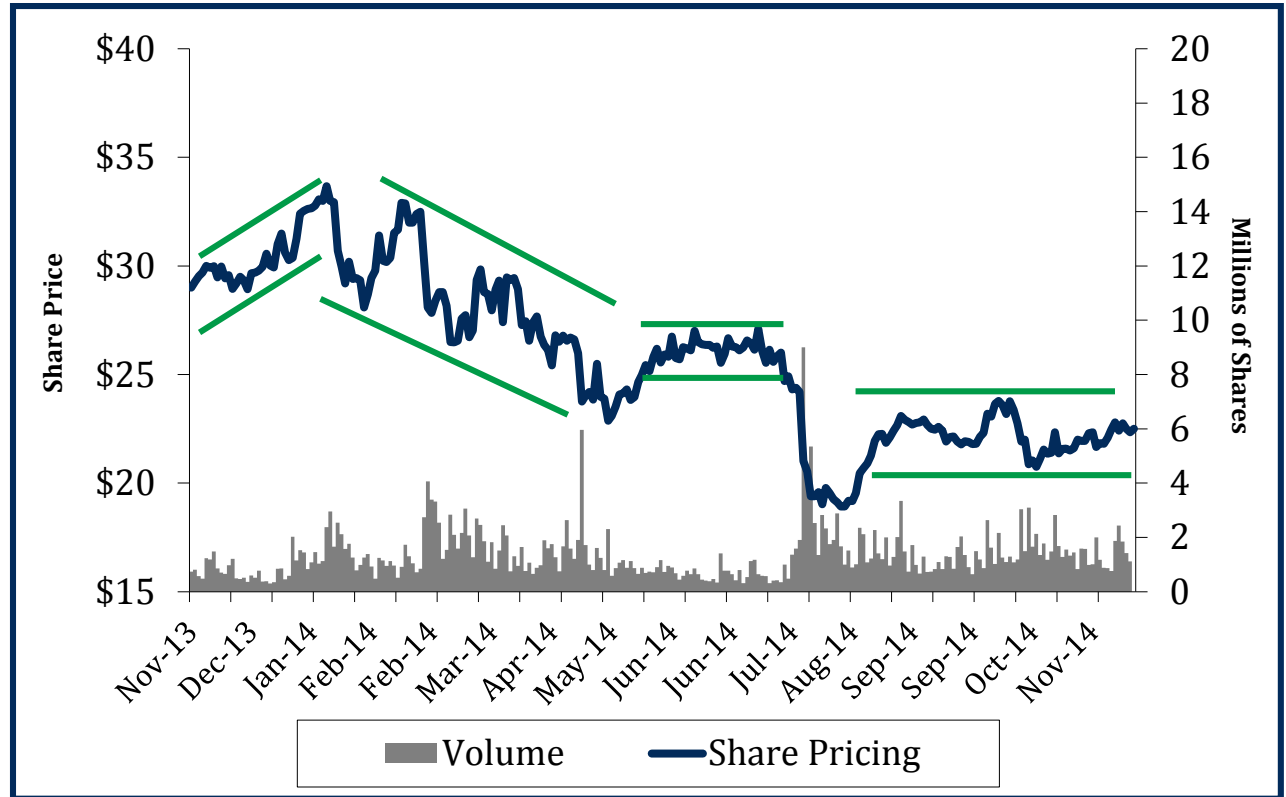
**Moving Averages: Provides smoothed indicators of the overall price trends**

# New Oriental Education and Technology Group

Technical Analysis – Support and Resistance (1-year)



Relative Strength	SELL
Moving Averages	SELL
Support & Resistance	HOLD
Up/Down Volume Ratio	
Technical Analysis Assessment	



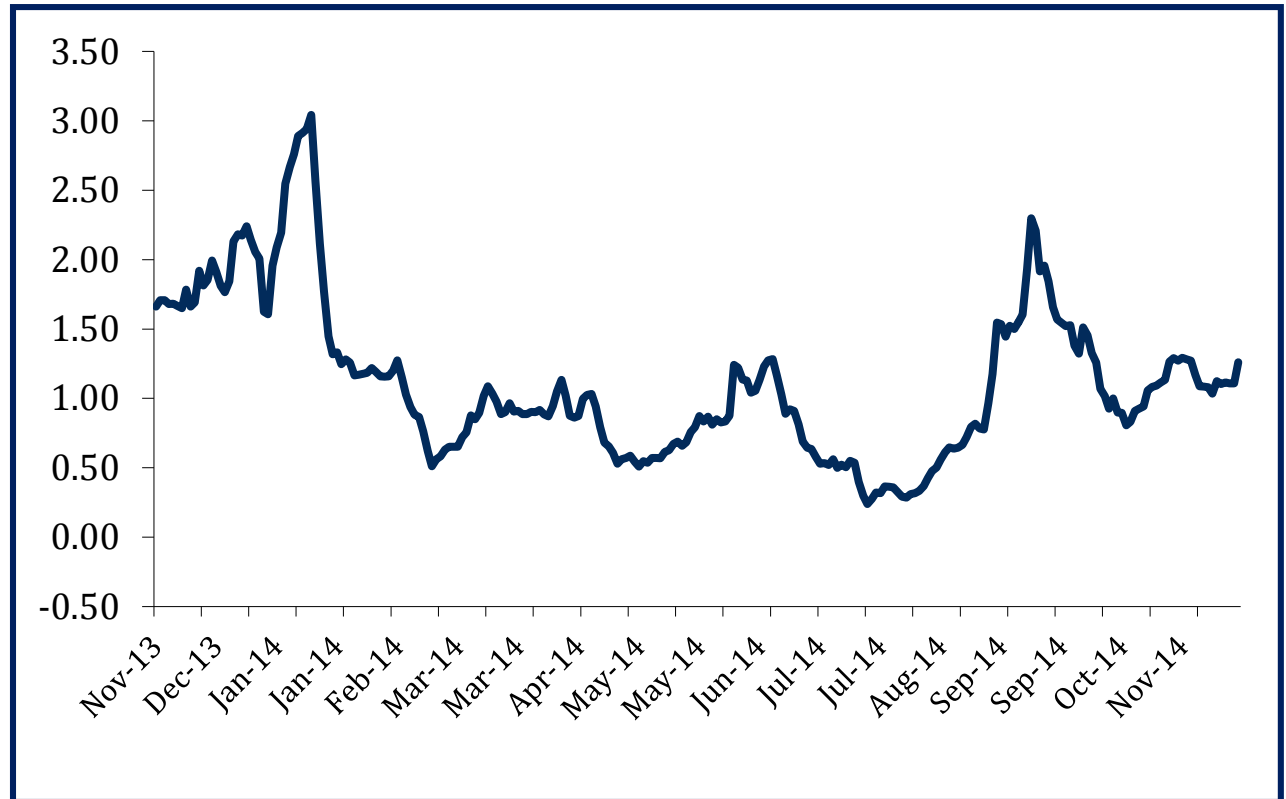
**Support & Resistance: Breaking through a channel indicates change in price**

# New Oriental Education and Technology Group

Technical Analysis – Up/Down Volume Ratio (1-year)



Relative Strength	<b>SELL</b>
Moving Averages	<b>SELL</b>
Support & Resistance	<b>HOLD</b>
Up/Down Volume Ratio	<b>HOLD</b>
Technical Analysis Assessment	<b>SELL!</b>



**Up/Down Ratio: Indicates whether under accumulation or experiencing distribution**

# New Oriental Education and Technology Group

## Valuation and Thesis



### Recommendation: BUY

Valuation Method	Weight	Valuation	Contribution
Book Value / Share	0%	\$7.34	-
Forward P / E	5%	\$26.00	\$1.30
Forward Price / Sales	5%	\$21.68	\$1.08
Forward Price / Operating Profit	5%	\$22.96	\$1.15
DFCF / Share	85%	\$34.27	\$26.83
<b>Intrinsic Value</b>			<b>\$30.37</b>
Market Price (11/25/14)			\$22.34
<b>Estimated Upside / (Downside)</b>			<b>36.0%</b>

### Investment Thesis:

- Depressed stock due to poor Q1 enrollment results and recently resolved lawsuit
- Leading test prep and K-12 after school tutorial service provider in China
- Vast network supports the development of offline and online courses



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## **Portfolio Performance**

Historical Returns & Benchmarks

Risk-adjusted Performance Measures

Sector Allocation & Attribution Analysis

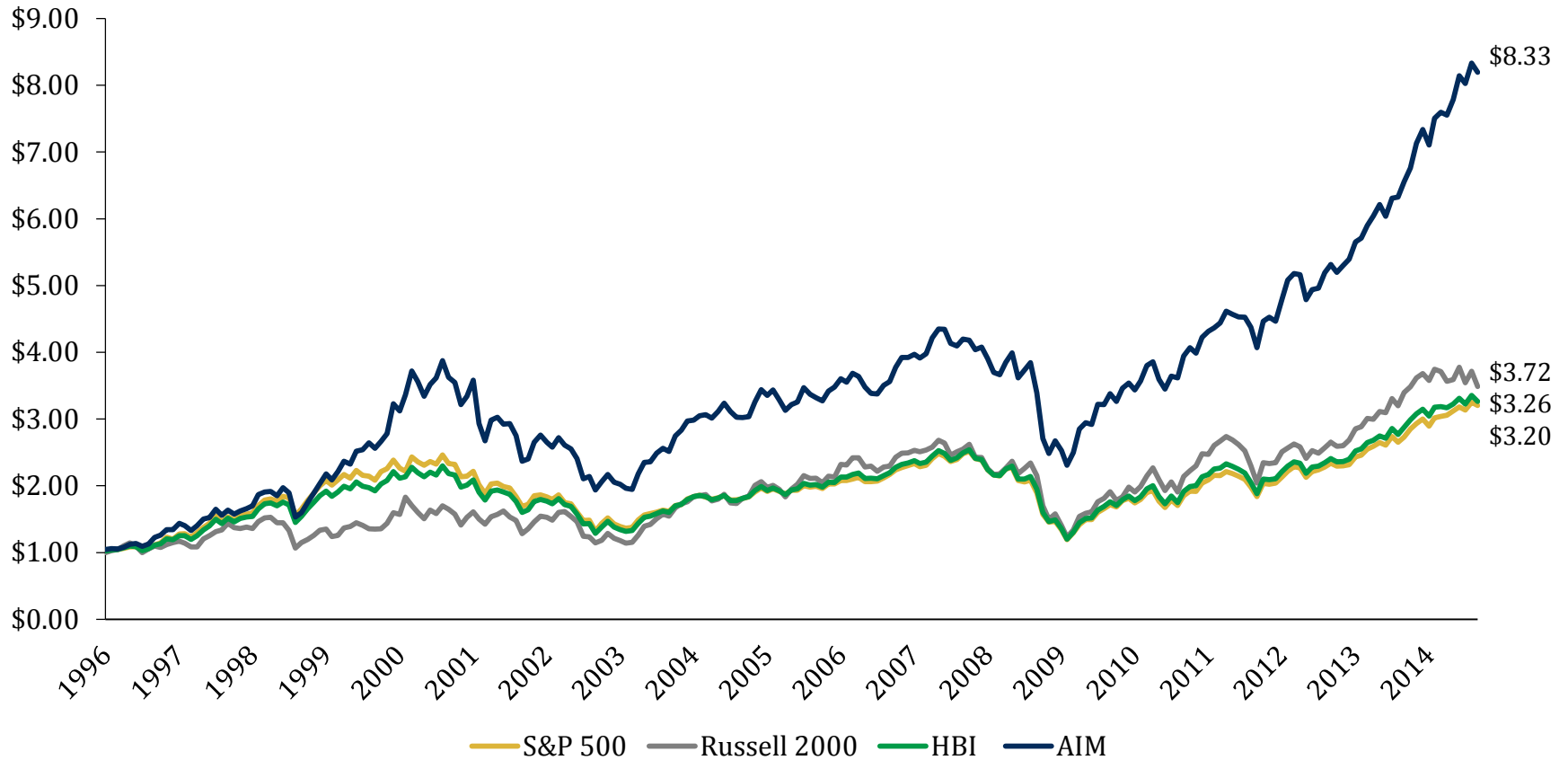
Best & Worst Performance

Portfolio Transactions

Active Share

# Wealth Ratio Comparison

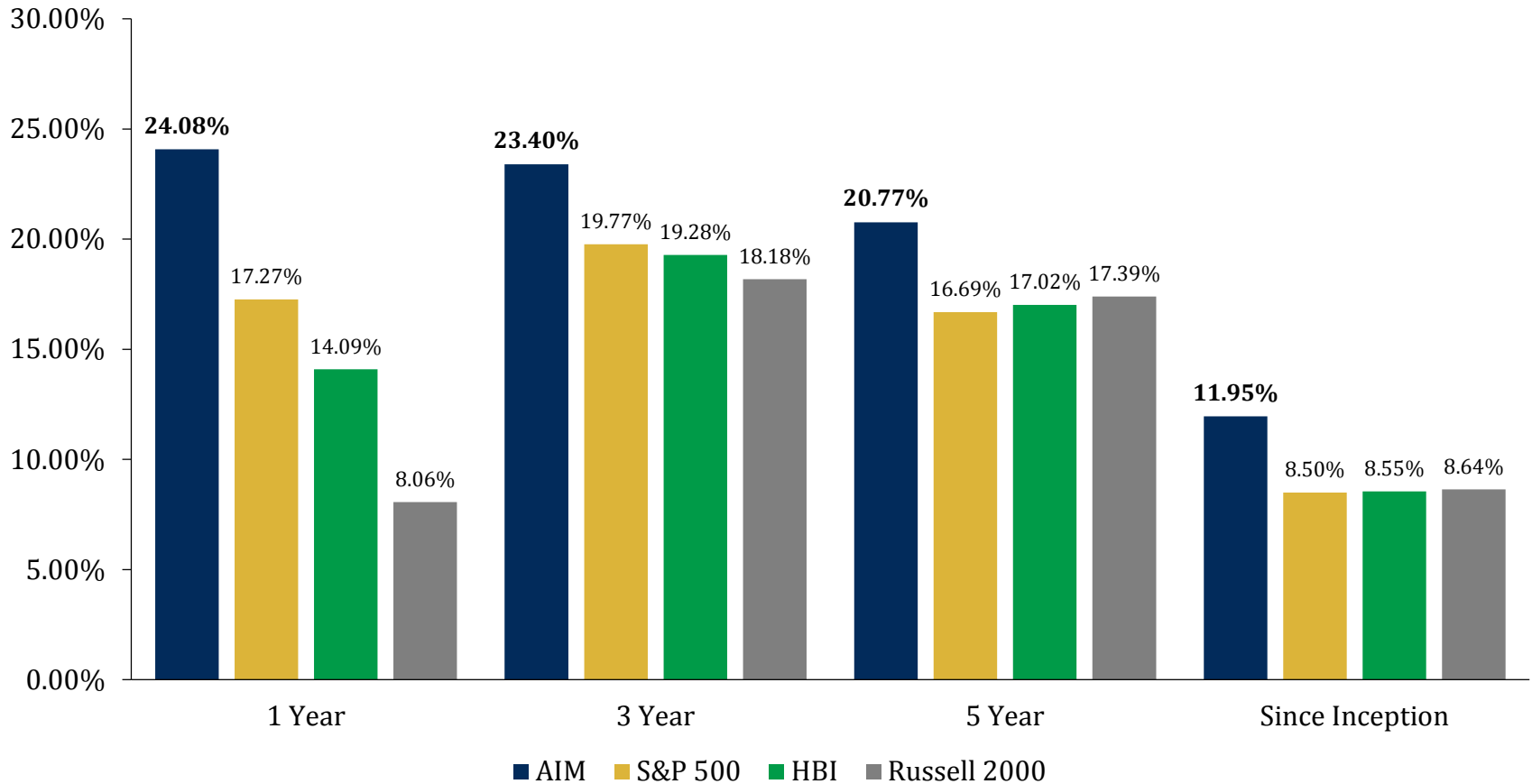
Cumulative Return of \$1



As of October 31, 2014

# Historical Performance

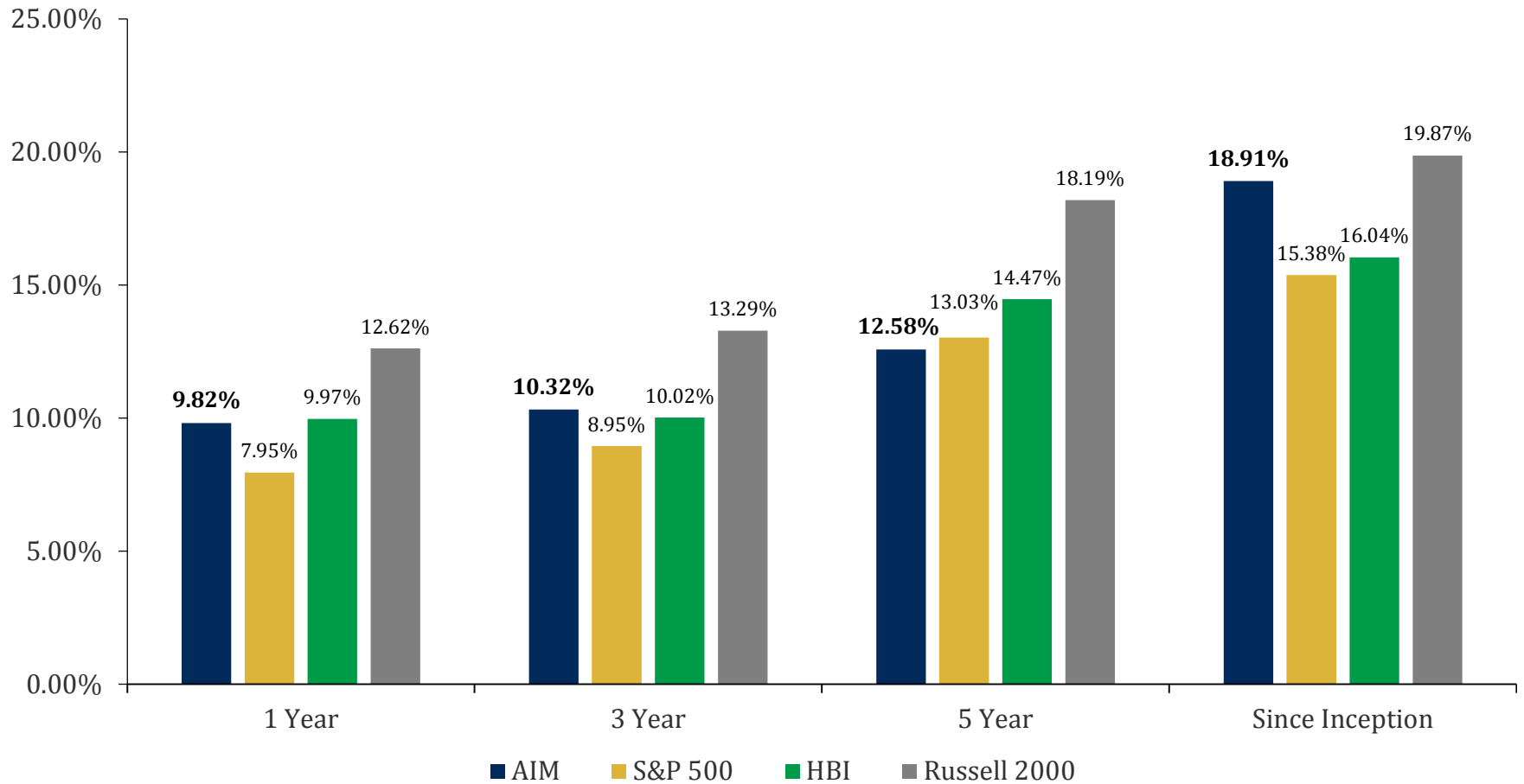
## AIM Portfolio Returns vs. Benchmarks





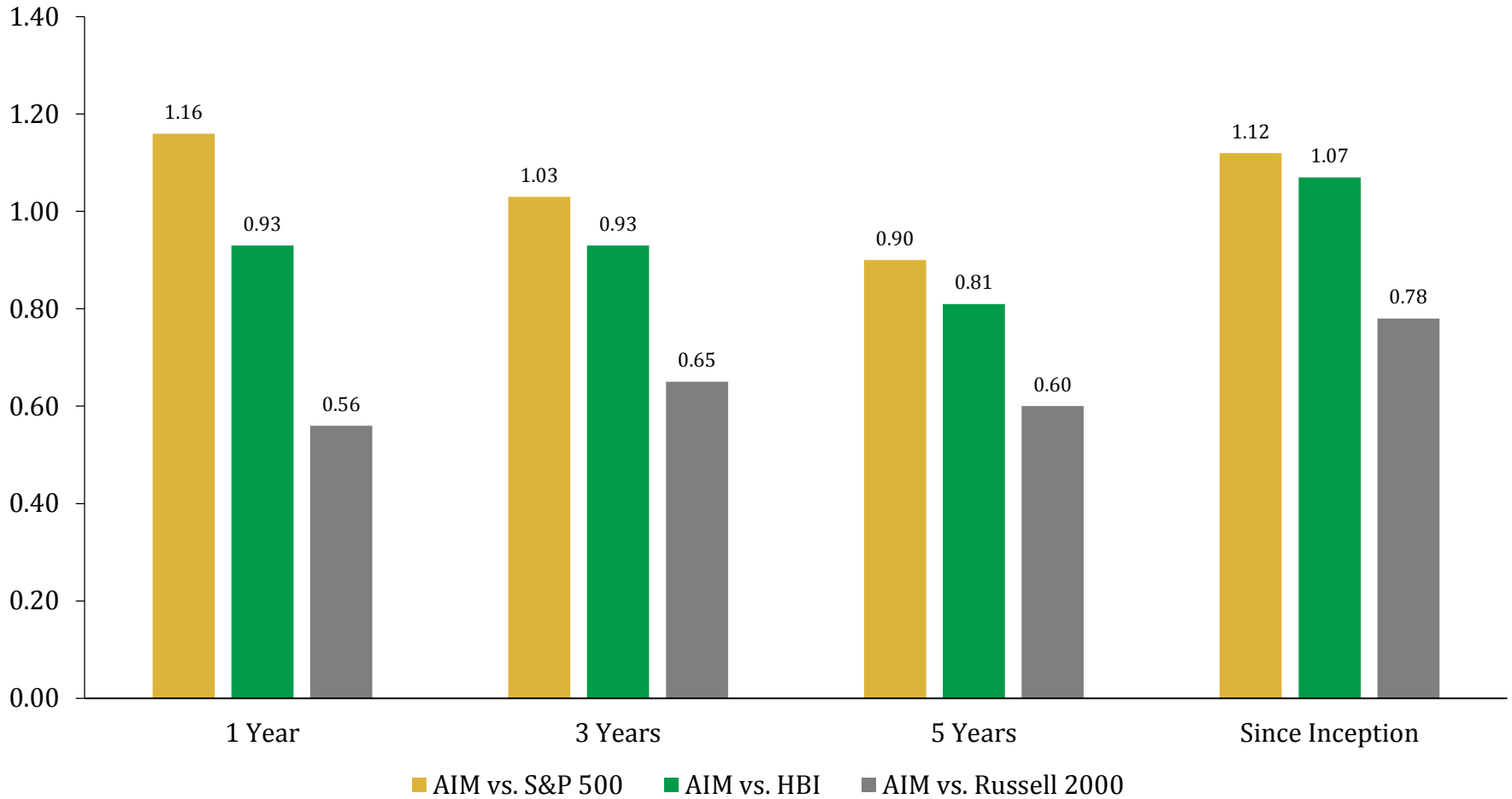
# Risk Measures

## Standard Deviation



# Risk Measures

## Beta



# Risk-adjusted Performance

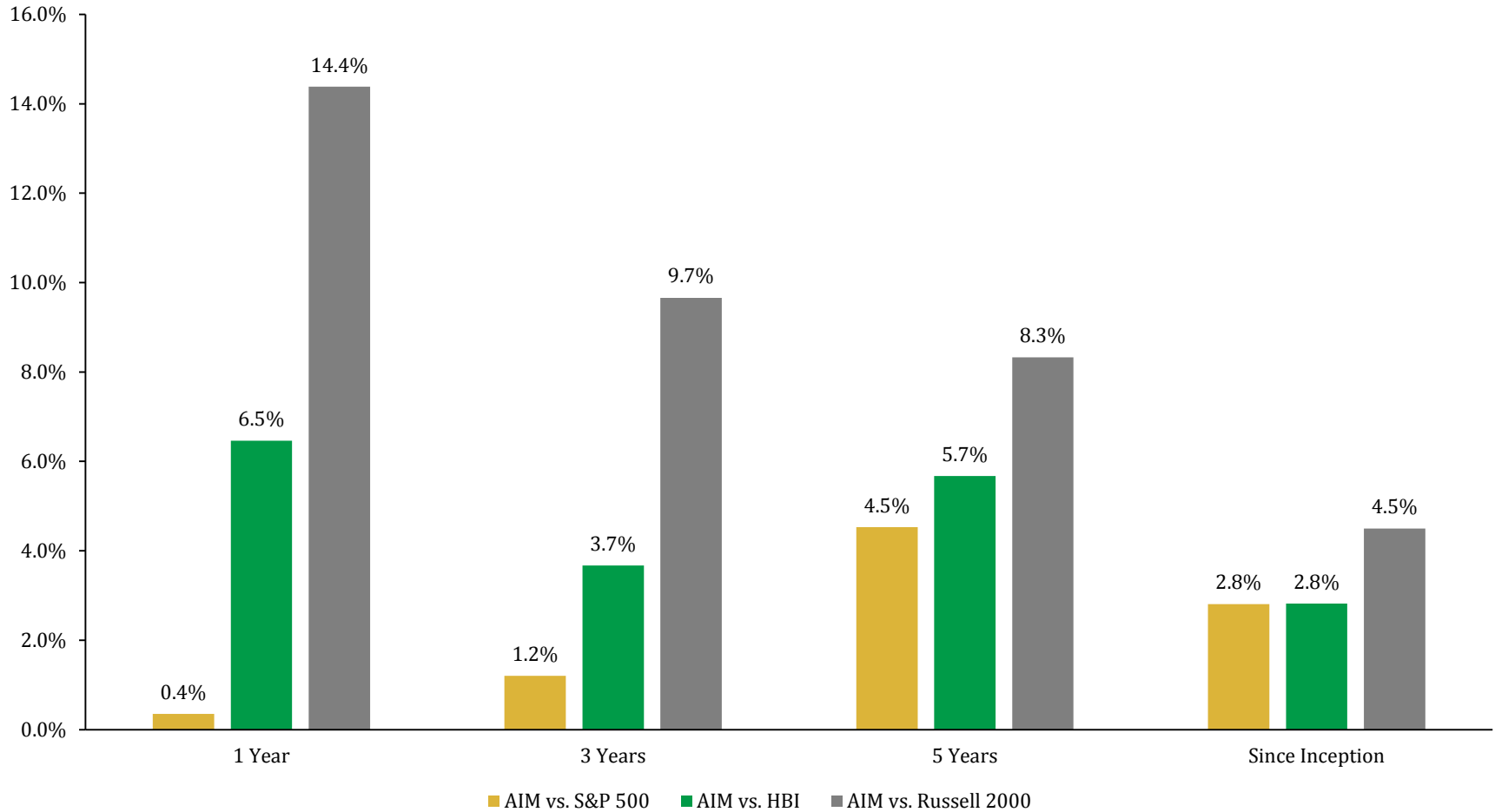
Other measures of portfolio return, adjusted for risk



- Jensen's Alpha:  $r_{p,t} - [r_{f,t} + \beta_p \times (r_{m,t} - r_{f,t})]$ 
  - Shows average portfolio return beyond that predicted by CAPM
  - Positive alpha indicates excess (abnormal) returns to market risk
- Sharpe Ratio:  $(r_p - r_f) / \sigma_p$ 
  - Measures the reward to total risk
  - Shows whether portfolio returns are due to increased risk or smart investment

# Risk-adjusted Performance

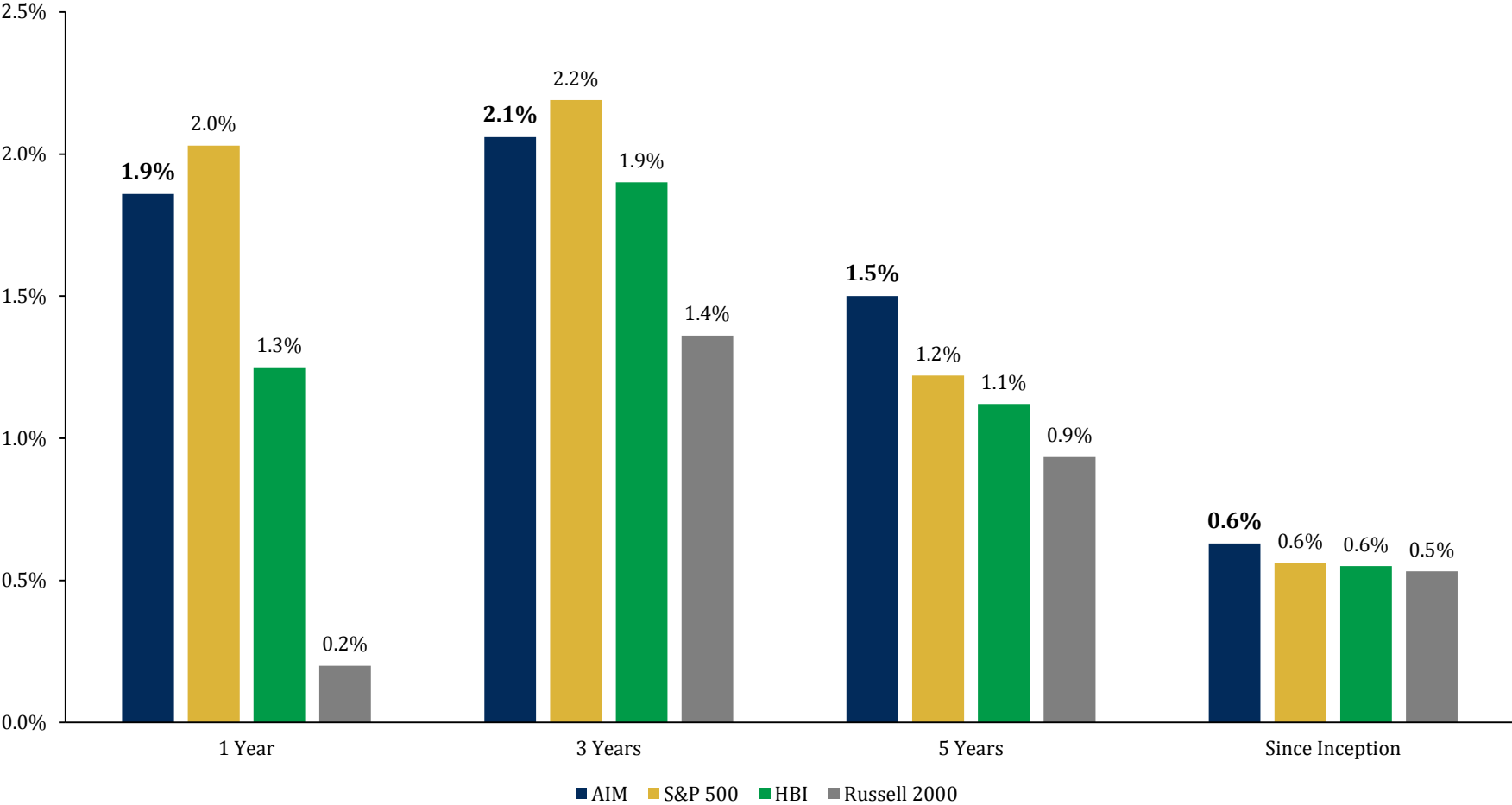
Jensen's Alpha: Abnormal Returns



As of November 30, 2014

# Risk-adjusted Performance

Sharpe Ratio: Excess Returns to Total Risk



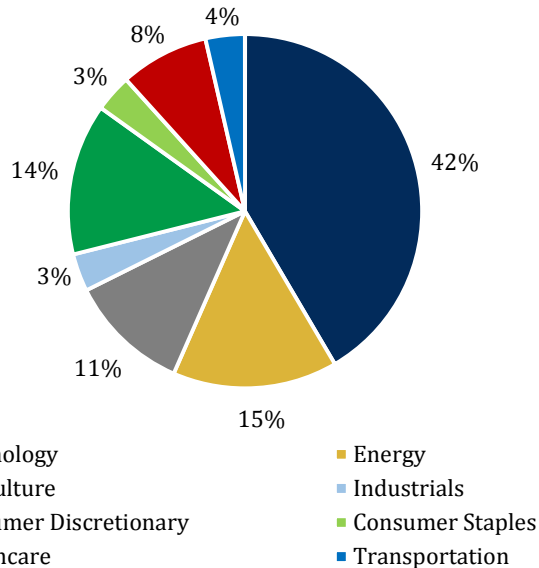
As of November 30, 2014

# Sector Allocations

Inherited portfolio emphasized technology

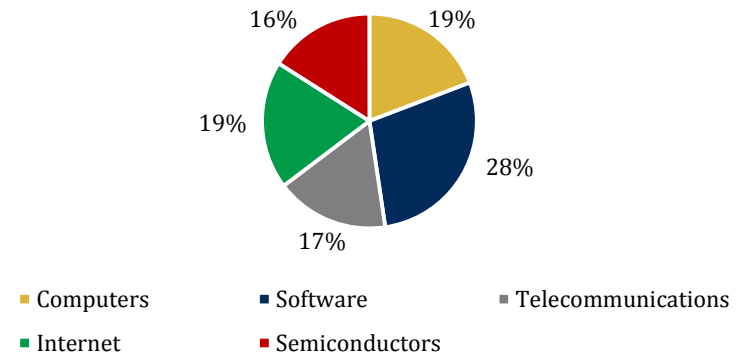


## Inherited AIM Portfolio<sup>1</sup>

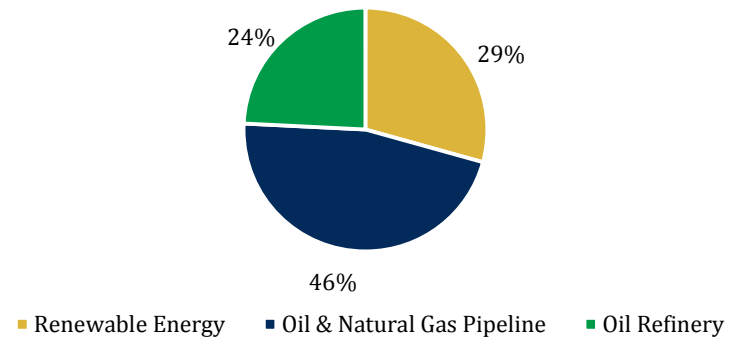


## Heaviest Industries<sup>1</sup>

### Technology Sector Breakdown



### Energy Sector Breakdown



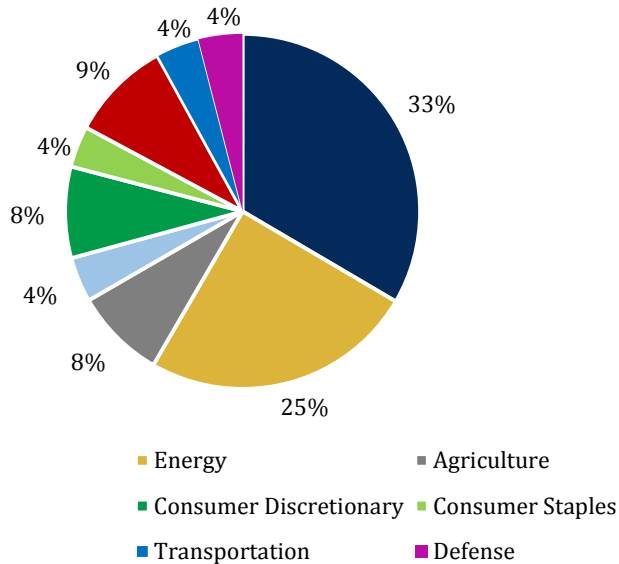
(1) Portfolio allocations as of inheritance on April 29, 2014

# Sector Allocations

New portfolio emphasizes technology and energy

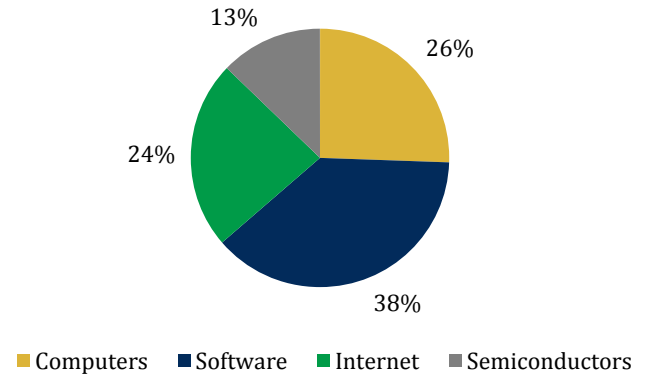


## New AIM Portfolio<sup>1</sup>

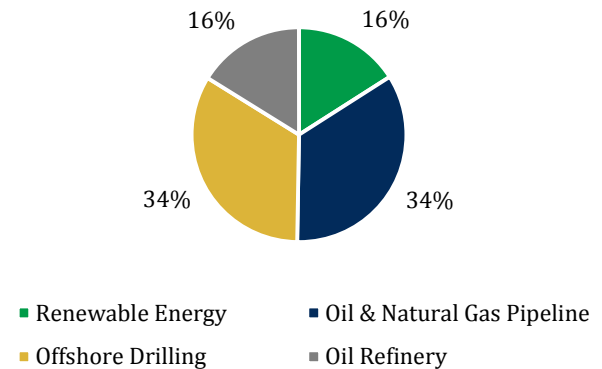


## Shifts in Heaviest Industries<sup>1</sup>

### Technology Sector Breakdown



### Energy Sector Breakdown



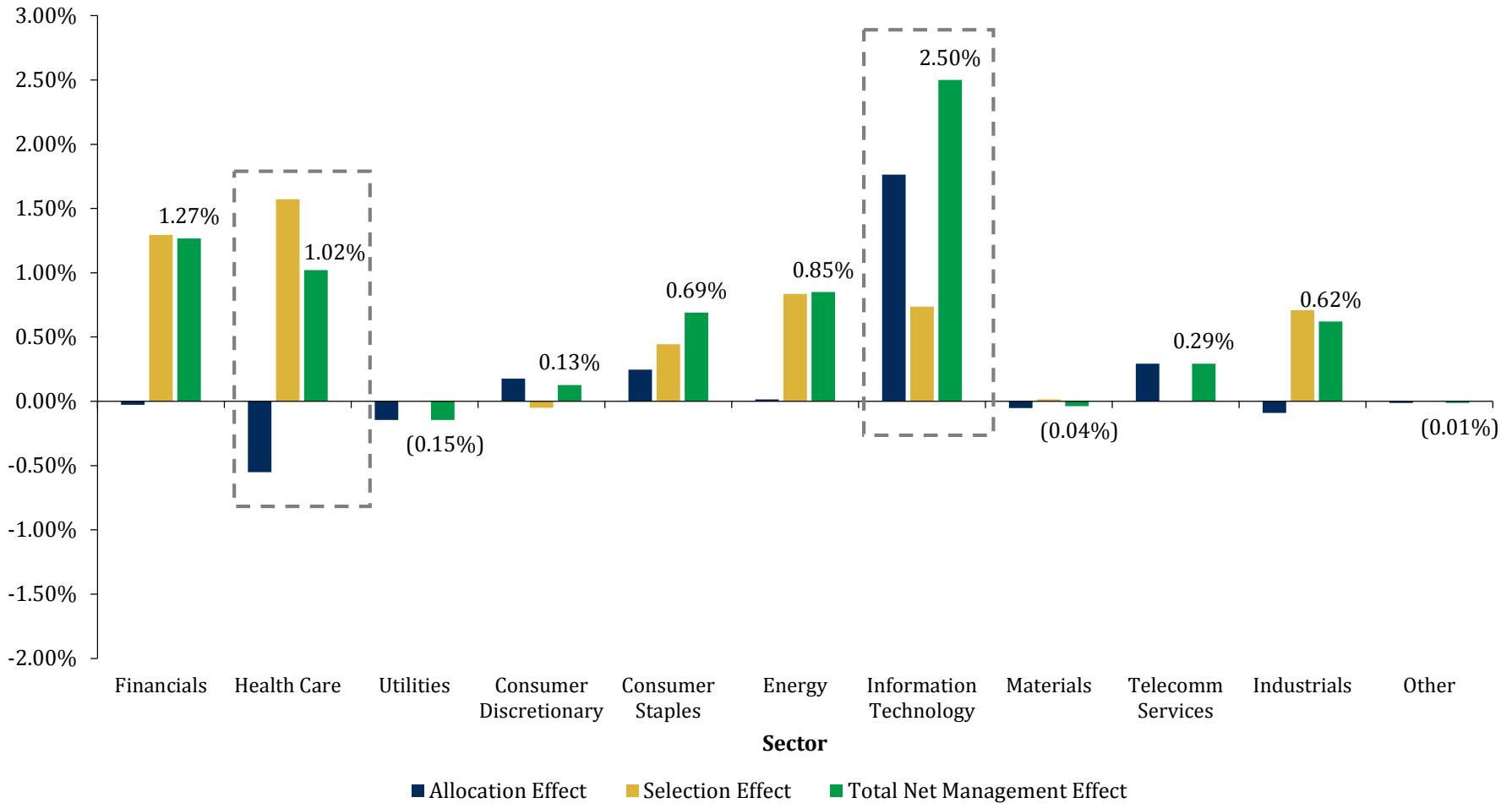
(1) Portfolio allocations as of final trades on November 24, 2014

- Allocation: Ability to effectively allocate assets to various sectors
- Selection: Ability to select securities within a sector relative to a benchmark
- Net Management Effect = Allocation + Selection



# Performance vs S&P 500

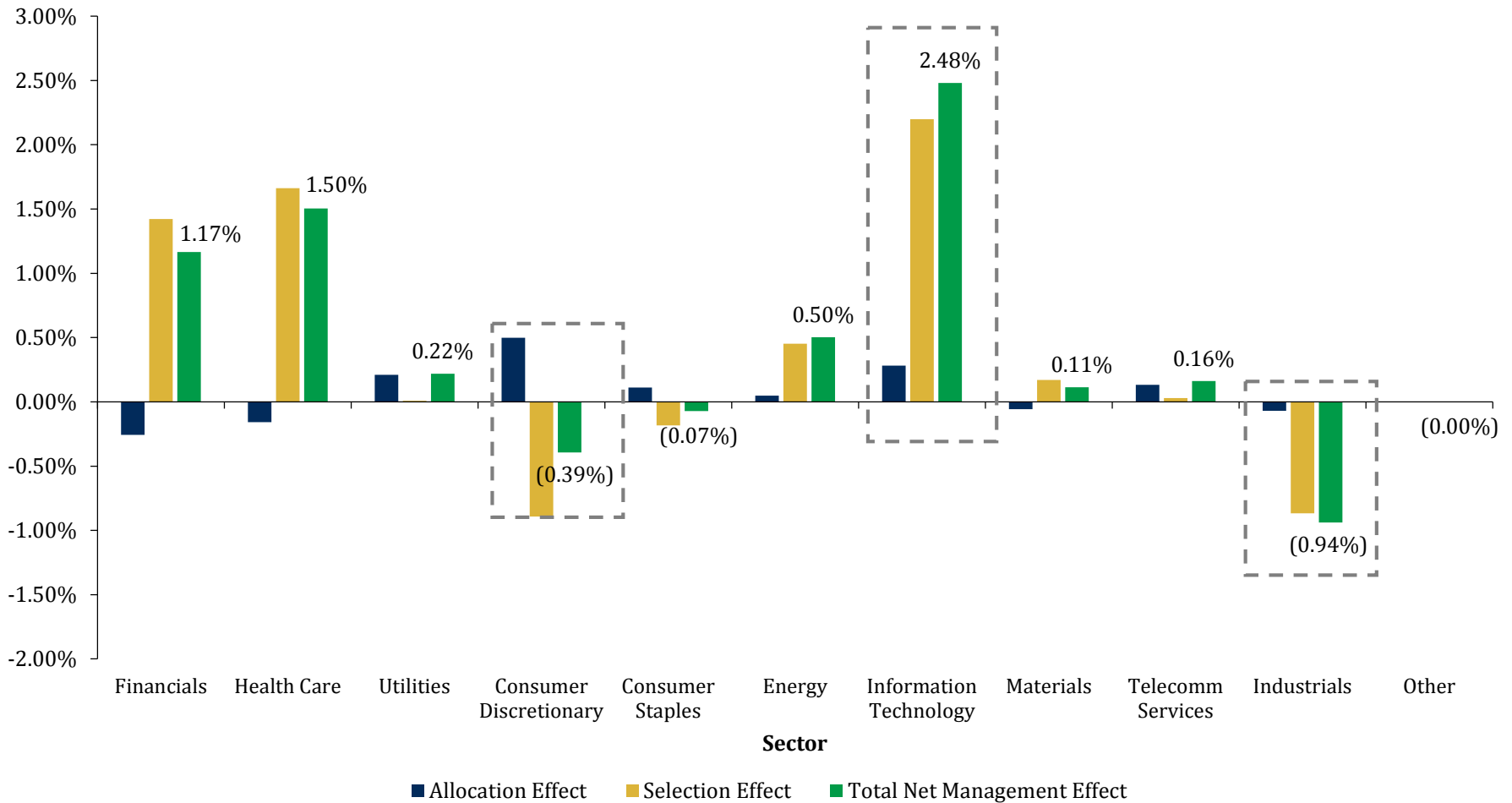
1 Year



As of October 31, 2014

# Performance vs S&P 500

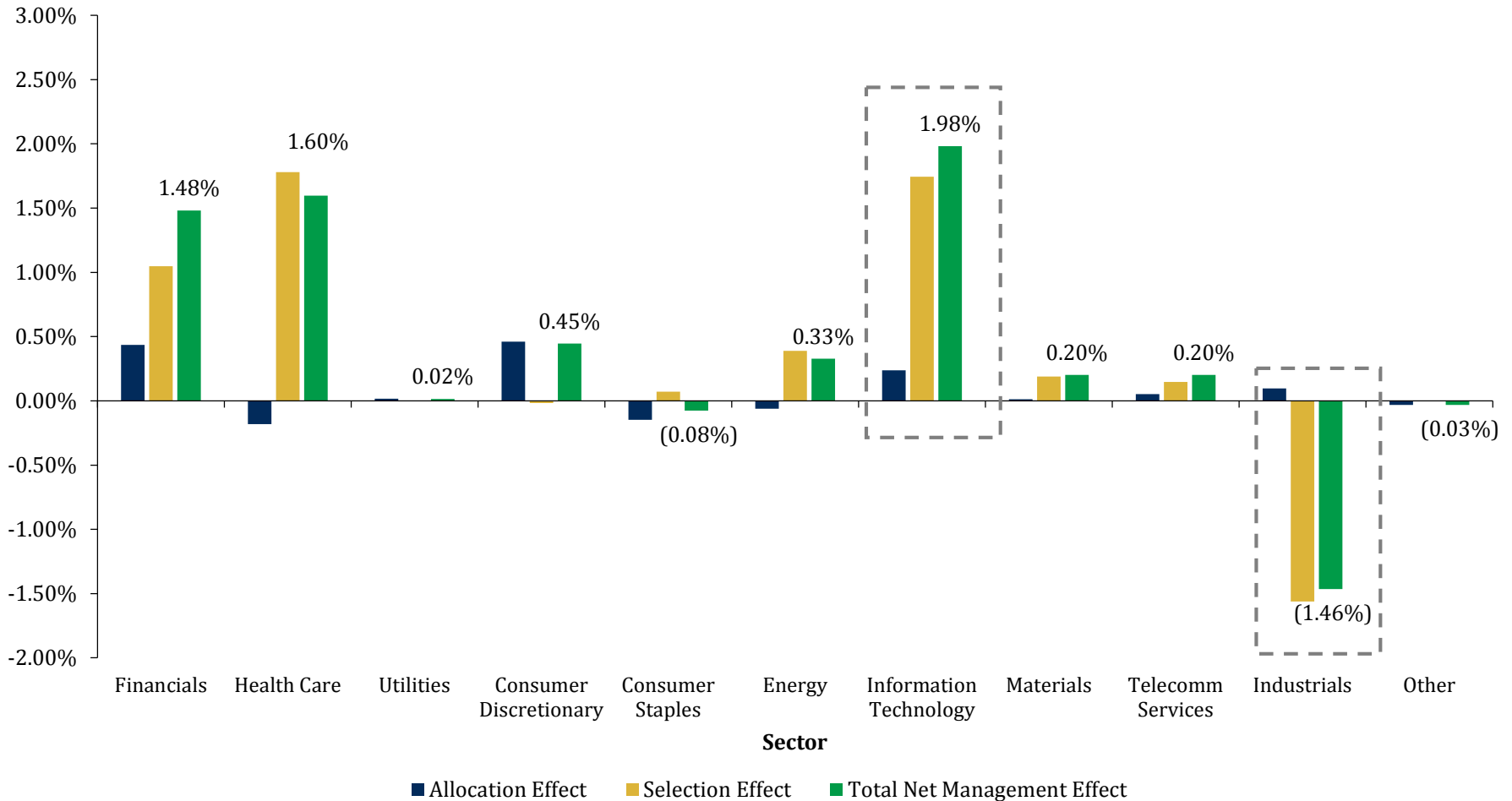
3 Year



As of October 31, 2014

# Performance vs S&P 500

5 Year



As of October 31, 2014

# Best and Worst Performers

Trailing Twelve Months



## Top 5 Performers

Company Name	Industry	Return
Apple Inc.	Technology	59.7%
Intel Corporation	Technology	45.6%
Covanta Holding Corp.	Energy	41.9%
Gilead Sciences Inc.	Health Care	40.4%
UnitedHealth Group Inc.	Health Care	34.8%

## Bottom 5 Performers

Company Name	Industry	Return
World Wrestling Entertainment Inc.*	Consumer Discretionary	(46.6%)
Deere & Company*	Agriculture	(5.4%)
Schlumberger Limited*	Energy	(3.4%)
Motorola Solutions, Inc.*	Technology	4.2%
Google Inc.	Technology	5.5%

As of November 21, 2014

\* Denotes companies that have been in the portfolio for less than twelve months, and the holding period return is calculated instead (since April 22, 2014)

# Portfolio Turnover

## Additions & Deletions



### Portfolio Additions

Company Name	Industry	Market Value
Atwood Oceanics	Energy	\$440,105
Ford Motor Co.	Automotive	\$447,470
Las Vegas Sands	Consumer Discretionary	\$446,390
Lockheed Martin	Defense	\$441,636
Seadrill Ltd.	Energy	\$512,640

### Portfolio Deletions

Company Name	Industry	TTM Return	Market Value
Corning, Inc.	Technology	24.4%	\$366,100
Danaher Corp.*	Industrials	13.9%	\$376,155
Dollar Tree, Inc.	Consumer Discretionary	18.0%	\$404,979
Live Nation Entertainment, Inc.*	Consumer Discretionary	21.9%	\$424,452
Motorola Solutions, Inc.*	Technology	4.2%	\$326,350
Pixelworks, Inc.	Technology	16.1%	\$273,978
PotashCorp.	Agriculture	22.1%	\$395,604
World Wrestling Entertainment Inc.*	Consumer Discretionary	(46.6%)	\$189,440

As of November 21, 2014

\* Denotes companies that have been in the portfolio for less than twelve months, and the holding period return is calculated instead (since April 22, 2014)

# Active Share

## Introduction



$$\% \text{ of Portfolio} - \% \text{ of Market} = \text{Active Share Contribution}$$

- Measure of differentiation between a portfolio and the market
- A method used to detect closet indexing
- Developed by Martijn Cremers from ND Finance Department and has become widely used in the financial industry
- Higher percentage indicates more active management
- Historically, funds with Active Share above 90% outperformed their benchmarks by 1.13% after fees

# Active Share

## Current Portfolio



Company Name	Ticker	Market Value	Portfolio Weight	S&P 500 Weight	Difference
Activision Blizzard Inc.	ATVI	\$444,570	4.07%	0.00%	4.07%
Apple Inc.	AAPL	\$552,663	5.07%	2.41%	2.66%
Atwood Oceanics	ATW	\$440,105	4.03%	0.00%	4.03%
Calumet Specialty Products	CLMT	\$448,640	4.11%	0.00%	4.11%
Check Point Software	CHKP	\$485,254	4.45%	0.00%	4.45%
Covanta Holding Corp.	CVA	\$434,340	3.98%	0.00%	3.98%
Deere & Co.	DE	\$322,159	2.95%	0.28%	2.67%
Delphi Automotive	DLPH	\$467,155	4.28%	0.00%	4.28%
Ford Motor Co.	F	\$447,470	4.10%	0.43%	3.67%
Gilead Sciences Inc.	GILD	\$553,190	5.07%	0.30%	4.77%
Google Inc.	GOOG/GOOGL	\$444,009	4.07%	1.22%	2.85%
Hain Celestial Group	HAIN	\$416,481	3.82%	0.00%	3.82%
IAC/InteractiveCorp	IACI	\$422,435	3.87%	0.00%	3.87%
Intel Corp.	INTC	\$466,360	4.27%	1.19%	3.08%
Kinder Morgan Inc.	KMI	\$444,486	4.07%	0.00%	4.07%
Las Vegas Sands	LVS	\$446,390	4.09%	0.00%	4.09%
Lockheed Martin	LMT	\$441,636	4.05%	0.28%	3.77%
Microsoft Corp.	MSFT	\$484,598	4.44%	2.03%	2.41%
Monsanto Co.	MON	\$446,997	4.10%	0.32%	3.78%
Schlumberger Ltd.	SLB	\$489,350	4.48%	0.70%	3.78%
Seadrill Ltd.	SDRL	\$512,640	4.70%	0.00%	4.70%
Union Pacific Corp.	UNP	\$438,660	4.02%	0.38%	3.64%
UnitedHealth Group Inc.	UNH	\$464,208	4.25%	0.36%	3.90%
Verifone Systems Inc.	PAY	\$378,735	3.47%	0.00%	3.47%
<b>Total</b>		<b>\$10,911,357</b>	<b>100.0%</b>	<b>9.9%</b>	<b>90.1%</b>

As of November 21, 2014

■ = Securities held in the AIM Portfolio that are not in the S&P 500



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## **General Information**

Guest Speakers

San Francisco Trip

Newsletter

Website



# Guest Speakers

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- **Ed Trubac** – Professor Emeritus, Finance
- **Jim Hart** – Oliver Estate Family Office
- **Matthew Curtis** – Goldman Sachs Securities
- **R.J. Hottovy** – Morningstar Equity Research

# San Francisco Trip

Stanford Business School



**Jim VanHorne**



**Christine Hoyt**



# San Francisco Trip

Venture Capital Firms



Ryan Sweeney ('99, AIM VII) – General Partner



**ACCEL**<sup>®</sup>  
PARTNERS

Tim Connors ('89) – Founder & Managing Partner



  
PivotNorth  
CAPITAL

# San Francisco Trip

Corporate Development and Investment Banking



**Matt Garratt – Senior Director**



**Ryan Nolan ('01) – Vice President**



# San Francisco Trip

Hedge Fund Managers



Matthew Kinsella ('05, AIM XIX) – Managing Director



**Maverick**

Bill Duhamel – Founder & Portfolio Manager



**ROUTE ONE INVESTMENT  
COMPANY**

# San Francisco Trip

Private Equity Firms



Dave Thomas ('03, AIM XV) - Principal



David George ('06, AIM XXI) - Vice President



GOLDEN GATE CAPITAL





# San Francisco Trip

## Pictures



# Notre Dame Football

## Game Watch



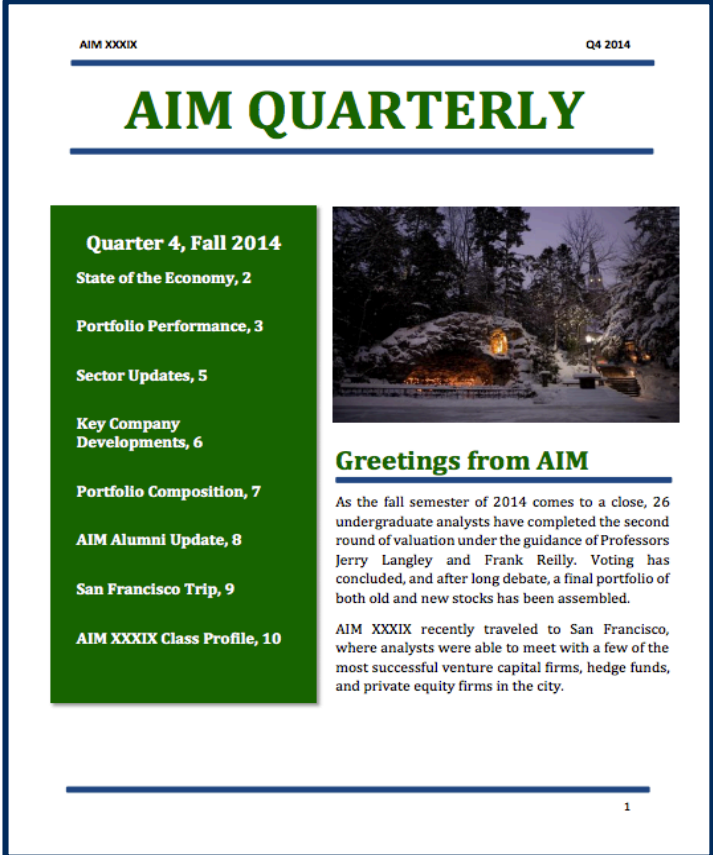
2014 NOTRE DAME FIGHTING IRISH SCHEDULE			
DATE	OPPONENT	RESULT/TIME	RECORD/TICKETS
Sat, Aug 30	VS  Rice	W 48-17	1-0
Sat, Sept 6	VS  Michigan	W 31-0	2-0
Sat, Sept 13	VS  Purdue*	W 30-14	3-0
Sat, Sept 27	VS  Syracuse*	W 31-15	4-0
Sat, Oct 4	VS  #14 Stanford	W 17-14	5-0
Sat, Oct 11	VS  North Carolina	W 50-43	6-0
Sat, Oct 18	@  #2 Florida State	L 31-27	6-1
Sat, Nov 1	@  Navy	W 49-39	7-1
Sat, Nov 8	@  #9 Arizona State	L 55-31	7-2
Sat, Nov 15	VS  Northwestern	L 43-40 OT	7-3
Sat, Nov 22	VS  #24 Louisville	L 31-28	7-4
Sat, Nov 29	@  USC	L 49-14	7-5

\* Game played at neutral location.



## Newsletter Contents

- State of the Economy
- Portfolio Performance
- Sector Updates
- Key Company Developments
- Portfolio Composition
- Alumni Updates
- Trips
- Current Class Profile




AIM XXXIX Q4 2014

## AIM QUARTERLY

**Quarter 4, Fall 2014**

- State of the Economy, 2
- Portfolio Performance, 3
- Sector Updates, 5
- Key Company Developments, 6
- Portfolio Composition, 7
- AIM Alumni Update, 8
- San Francisco Trip, 9
- AIM XXXIX Class Profile, 10



### Greetings from AIM

As the fall semester of 2014 comes to a close, 26 undergraduate analysts have completed the second round of valuation under the guidance of Professors Jerry Langley and Frank Reilly. Voting has concluded, and after long debate, a final portfolio of both old and new stocks has been assembled.

AIM XXXIX recently traveled to San Francisco, where analysts were able to meet with a few of the most successful venture capital firms, hedge funds, and private equity firms in the city.

1

# Website: [www.aim.nd.edu](http://www.aim.nd.edu)



- Home page
  - News and events
  - Current portfolio
- About AIM
  - Course overview
  - Instructors
  - Advisory board
  - Historical performance
- Current analysts and corresponding stocks
- Alumni
  - Recruiting from AIM
  - Career opportunities
  - Social networking
- Publications

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**About AIM**

Applied Investment Management (AIM) blends traditional investment theory with the practical experience of managing a live equity portfolio for select students at the University of Notre Dame.

[Learn more...](#)

**News & Events**

**20 Year Reunion**  
- Click [here](#) for Save The Date information!

**Q4 2014 Newsletter**  
- Click [here](#) for the latest update!

**AIM Portfolio**

Ticker	# of Shares	Price per Share	Value of Position	Daily % Change
AAPL	5,800	\$114.82	\$642,992	-0.88%
ATVI	21,000	\$21.12	\$443,520	-0.48%
CHKP	5,000	\$78.70	\$393,500	-0.70%
CLMT	12,000	\$25.08	\$300,960	-0.20%
CVA	23,000	\$24.55	\$564,650	-0.71%
DE	3,700	\$89.11	\$329,707	2.87%
DHR	4,500	\$83.02	\$373,560	-0.85%
DLPH	5,500	\$72.82	\$400,510	-0.10%
DLTR	6,100	\$68.00	\$414,800	-0.51%
GILD	5,500	\$100.12	\$550,660	-0.20%
GLW	17,500	\$20.84	\$364,700	-0.81%
GOOG	400	\$534.57	\$213,828	-1.34%
GOOGL	300	\$540.78	\$162,234	-1.11%
HAIN	3,900	\$114.09	\$444,951	0.77%
IACI	6,000	\$64.31	\$385,860	-1.40%
INTC	13,100	\$37.12	\$486,272	-0.30%
KMP	4,400	\$102.03	\$448,932	N/A
LYV	16,300	\$28.48	\$464,224	-1.10%
MON	3,000	\$118.75	\$356,250	-0.97%
MSFT	10,100	\$48.59	\$490,759	1.63%
MSI	5,000	\$65.56	\$327,800	-0.24%
PAY	10,500	\$34.88	\$366,240	-2.10%
POT	10,800	\$34.24	\$369,792	-1.50%
PXLW	55,800	\$4.50	\$251,100	-0.66%
SLB	3,300	\$84.53	\$278,949	-1.10%
UNH	4,800	\$99.14	\$475,872	0.92%
UNP	3,800	\$115.02	\$437,076	-1.50%
WWE	16,000	\$111.08	\$177,728	-3.74%
Total AIM Portfolio			\$10,851,404	

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# Closing

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- AIM XXXIX would like to thank:
  - The Advisory Board
  - Scott Malpass and the Notre Dame Investment Office
  - Advisors Langley, Reilly, and Trubac
  - Rachel Karnafel
  
- Post-Presentation Agenda:
  - Short break
  - Advisory Board panel discussion



## AIM XXXIX

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