



Advisory Board Presentation

AIM XXXVI

Spring 2013





Presentation Agenda

- Introductions
- Presentation Topics
 - Investment Objectives
 - Economic Environment
 - Security Analysis
 - Portfolio Performance Evaluation
- General Information
- Concluding Remarks

AIM XXXVI Analysts



Blake Asjes <i>Kansas City, MO</i> <i>Wynn Resorts, Dean Foods</i>	Dominic Imgrund <i>St. Louis, MO</i> <i>Google, AMN Healthcare</i>	Zachary Schneider <i>Indianapolis, IN</i> <i>Flowers, Under Armour</i>
John Baranowski <i>Belleue, WA</i> <i>Discover, Intel</i>	Jacob Lundberg <i>Chaska, MN</i> <i>Cerner, Cinemark</i>	Lucas Taylor <i>Barstow, CA</i> <i>Continental Resources, Joseph A. Bank</i>
Richard Bariletto <i>Paramus, NJ</i> <i>Apple, ADT</i>	John Lytle <i>Clearfield, PA</i> <i>Select Comfort, Costco</i>	Luka Tomljenovic <i>Buje, Croatia</i> <i>Teradata, Delphi Automotive</i>
Elie El-Zammar <i>Vancouver, Canada</i> <i>Dick's Sporting Goods, Microsoft</i>	Brian Martin <i>Lake Forest, IL</i> <i>Cummings, Life Time Fitness</i>	Eric Verkuilen <i>Roselle, IL</i> <i>Potash, Halliburton</i>
James Falbe <i>Longview, TX</i> <i>eBay, B of I Holding</i>	Anthony Niemeier <i>Jamestown, ND</i> <i>Expeditors International, Pottlatch</i>	John Paul Visto <i>Fargo, ND</i> <i>IPG Photonics, Titan Machinery</i>
Brian Griffiths <i>Brookfield, WI</i> <i>Activision Blizzard, DiamondRock Hospitality</i>	Brittiany Parrish <i>San Antonio, TX</i> <i>LabCorp, InterActiveCorp</i>	James Ryan Welsh <i>New York, NY</i> <i>Chevron, Apollo Group</i>
Thomas Hefner <i>Stockholm, Sweden</i> <i>KapStone Paper, Berkshire Hathaway B</i>	Thomas Pesch <i>Plainview, MN</i> <i>Domino's, Corning</i>	Geoffrey Zabinski <i>Hinsdale, IL</i> <i>United Health, Sirius XM</i>
Michael Hoyer <i>Methuen, MA</i> <i>OpenTable, ConAgra Foods</i>	Kevin Prior <i>Breezy Point, NY</i> <i>Acuity Brands, La-Z-Boy</i>	Wenjun Zou <i>Wuzhou, China</i> <i>Gilead Sciences, Coach</i>



Objectives and Guidelines

Overview

Analyst Responsibilities

Group Responsibilities

Stock Selection Process

Investment Philosophy

Investment Policies

Market Capitalization Profile

Ethics Policies

Overview



- Course Overview
- Mixture of academic objectives and practical experience of investment management
- Provide a thorough grounding in the process of portfolio management
- Analyst Selection and Portfolio Responsibilities
 - Selection based on academic record and diverse backgrounds
 - Analysts assume responsibilities for all portfolio management decisions

Analyst Responsibilities

- Stock Selection
 - First Round – Analysts are assigned a stock from the current portfolio
 - Second Round – Analysts select a second stock
- Security Analysis
 - Company Background
 - Fundamental Analysis
 - Earnings Forecast
 - Technical Analysis
 - Valuation Analysis



Group Activities

- Industry/Sector Analysis
 - Industry/sector analysis
 - Outlook
 - Formulate opinions on long/short positions of industry/sector ETFs



- Economic Analysis
 - Recent trends and expectations of key economic indicators
 - Impact on the stocks in the current portfolio

- Portfolio Performance Analysis
 - Benchmark performance comparisons
 - Risk-adjusted performance measures
 - Attribution analysis

- Trading Group
 - Coordinates trading activities for portfolio
 - Works closely with Notre Dame Investment Office

Stock Selection Process



- Analysts discuss inputs, drivers, assumptions
- Analysts give buy, hold, or sell recommendations based on an intrinsic valuation
- Final portfolio decisions are voted upon and require majority vote of all analysts
- Long/short positions of ETFs also established based on industry/sector analysis

Investment Philosophy



- Identify undervalued stocks
- Outperform the S&P 500
 - Secondary: Russell 2000, HBI
- Bottom-up approach, fundamental analysis
- Diversify between small-, mid-, and large-cap stocks to manage risk

Investment Policies



- Long common equities listed on major U.S. exchanges
- Liquidity
- Three- to five-year investment horizon
- Adhere to “Prudent Person Rule”

Policies Cont.

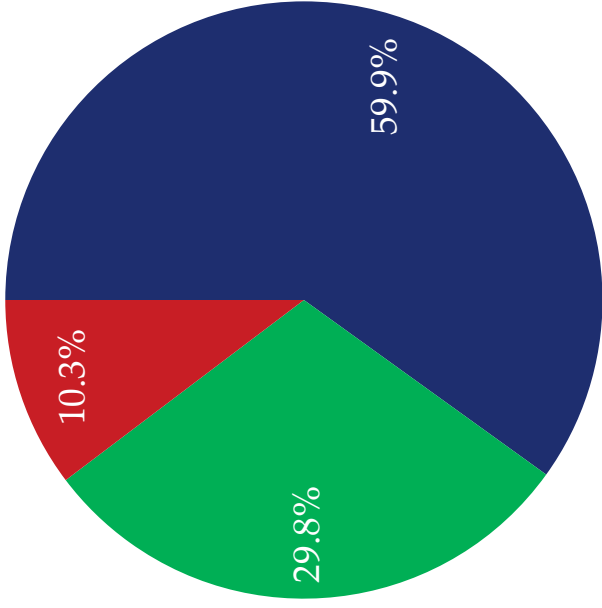


- No tax considerations
- No individual position exceeding 10% of portfolio
- 0% long-term cash target
- Allocation Targets
 - 35% in small/mid cap
 - 65% in large cap
 - +/- 10%
 - < 1% in long/short industry position

Market Capitalization Profile

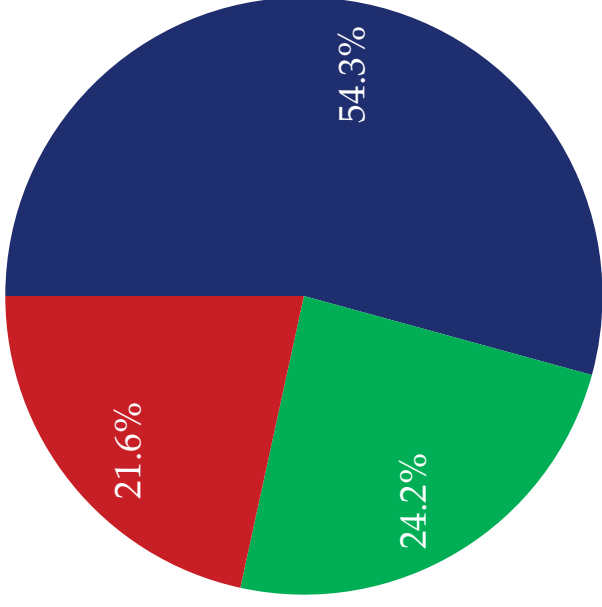


AIM XXXV Portfolio Composition



■ Large Cap ■ Mid Cap ■ Small Cap

AIM XXXVI Portfolio Composition



■ Large Cap ■ Mid Cap ■ Small Cap

Ethics Policies



“ ...[companies] whose values are inimical with those of the University...”

- Including (but not limited to)
 - Tobacco
 - Abortifacients
 - Birth control



Economic Environment

Economic Growth

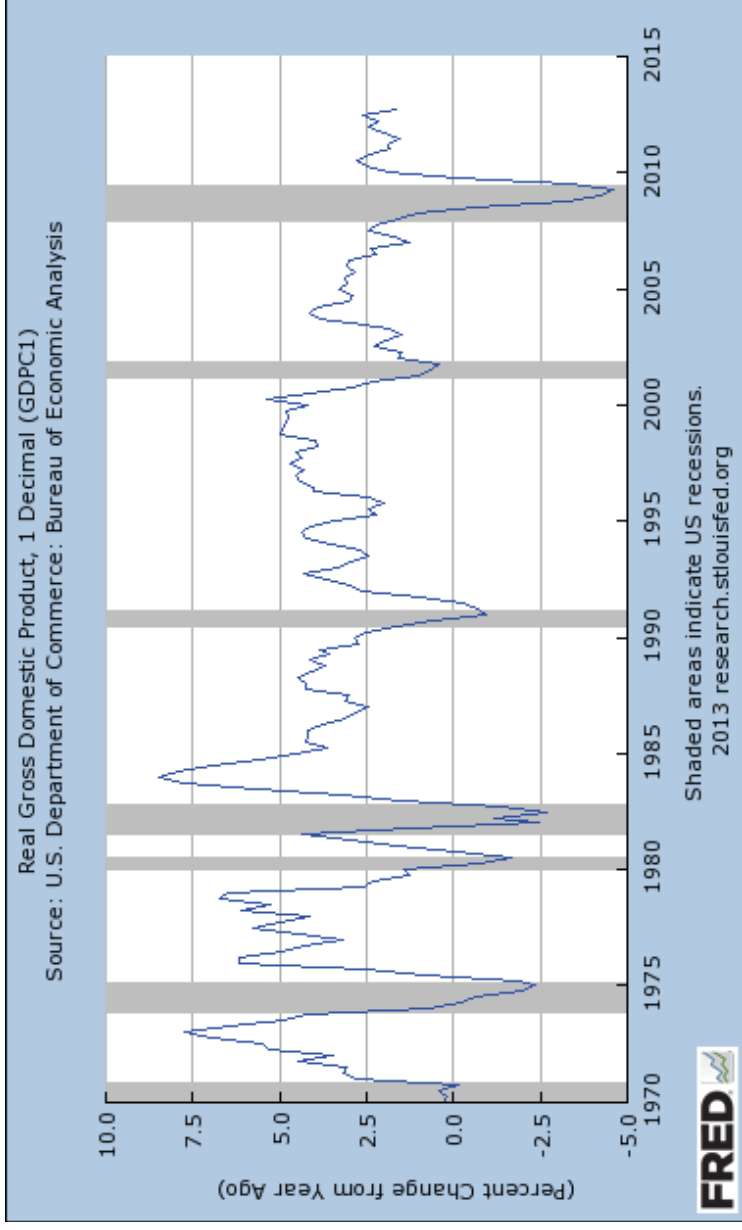
GDP Components

Unemployment

Monetary and Fiscal Policy

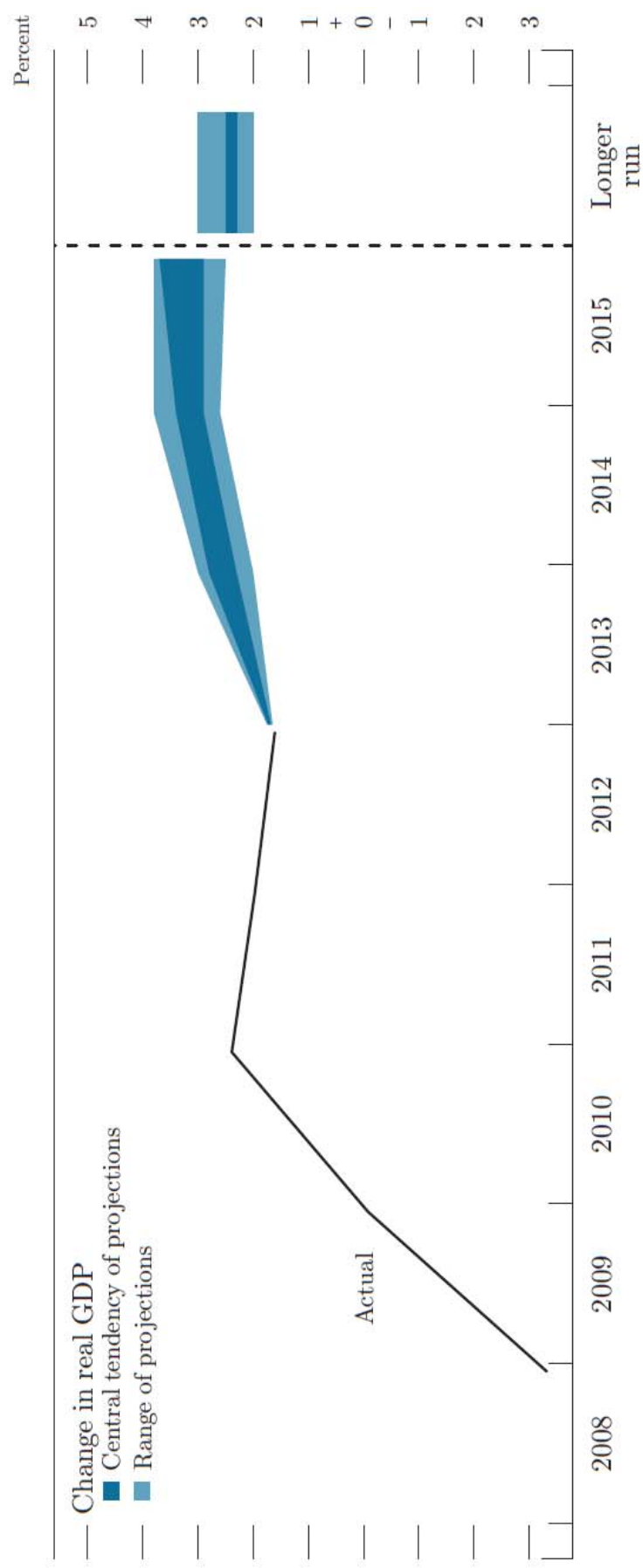
Portfolio Implications

Economic Growth



Average YoY GDP Growth		
Total	Three Years After Recession	Three Years After Recession
1948 - 2013	Historically	Since Last Recession
3.22%	4.59%	1.96%

Growth Projections



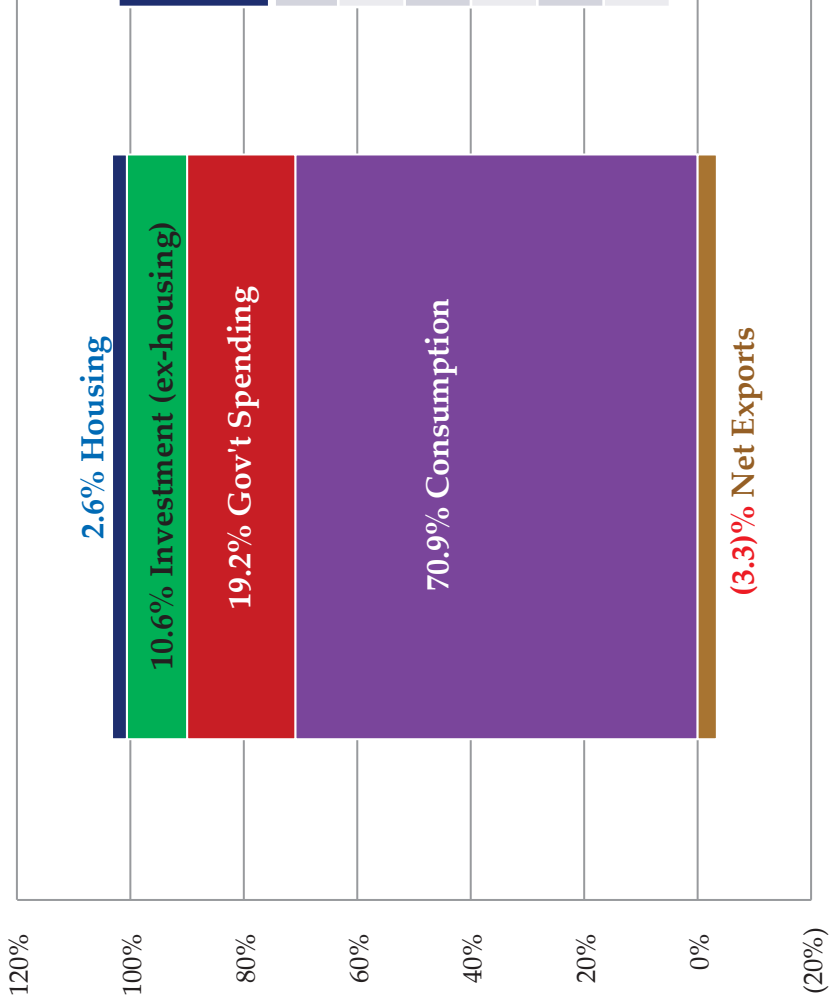
Central Tendency*				Full Range**			
	2013	2014	2015	2013	2014	2015	LT
% Change in Real GDP	2.3 – 2.8	2.9 – 3.4	2.9 – 3.7	2.0 – 3.0	2.6 – 3.8	2.5 – 3.8	2.0 – 3.0

*Excludes the 3 highest & 3 lowest projections in each year
 **Includes all participants

GDP Breakdown

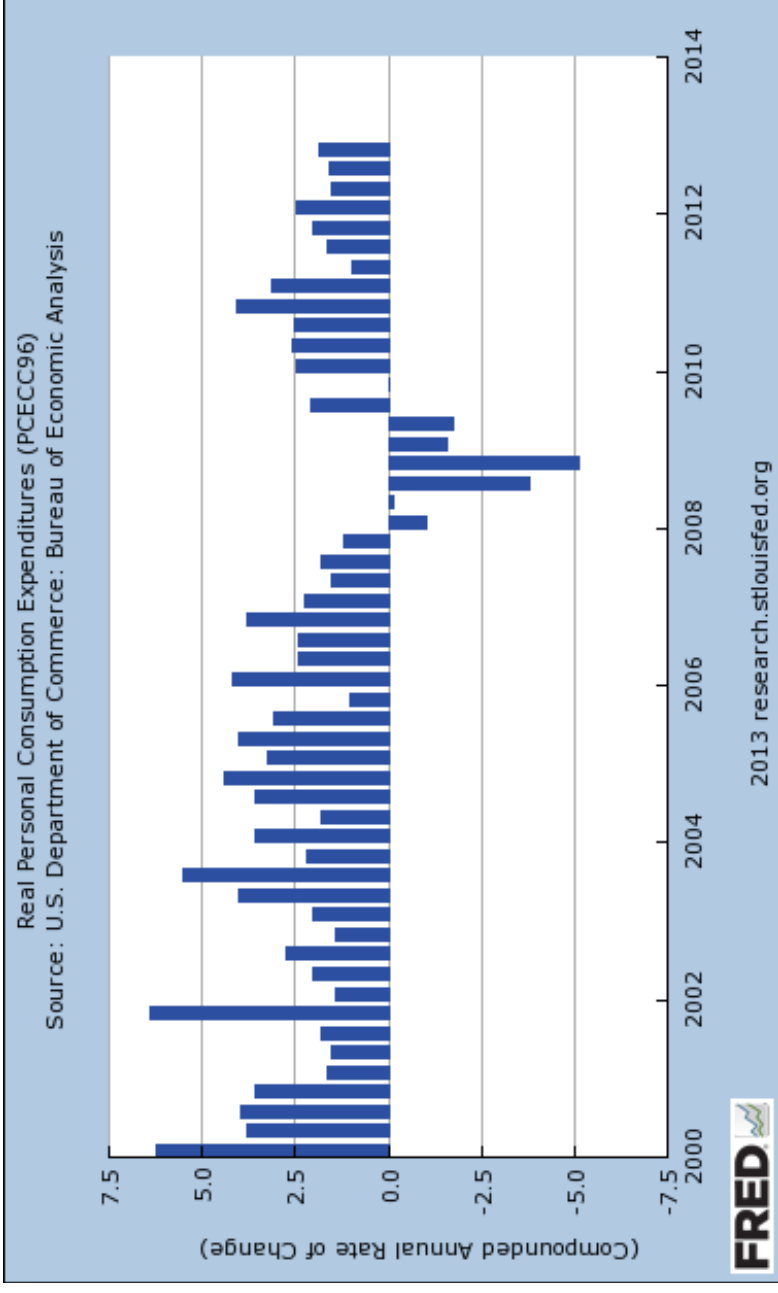


Components of GDP as of Q4 2012



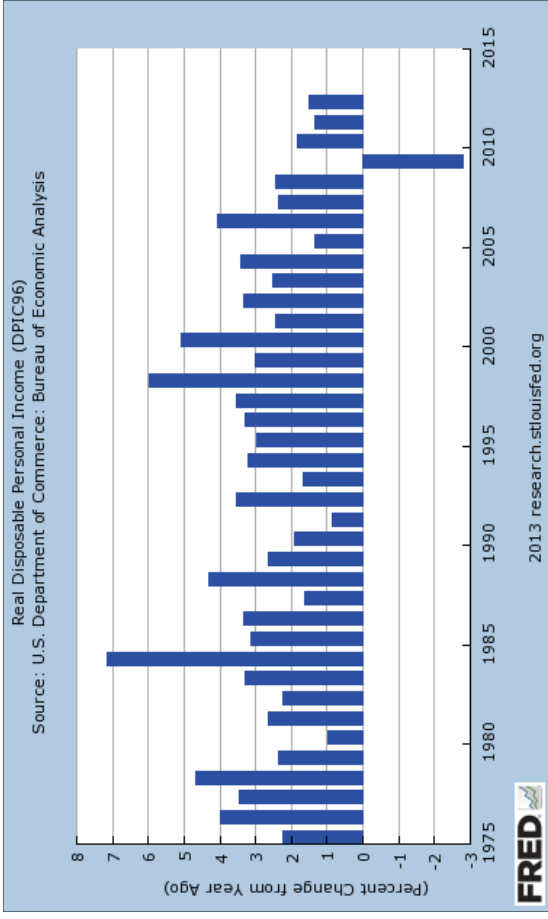
Component	Q4 2012 % Point Contribution	% Change from Q3 (annualized)
GDP	0.40%	-
Investment	0.20%	1.30%
Gov't Spending	(1.41%)	(7.00%)
Exports	(0.40%)	(2.80%)
Imports	0.73%	(4.20%)
Consumption	1.28%	1.80%

Personal Consumption Expenditures

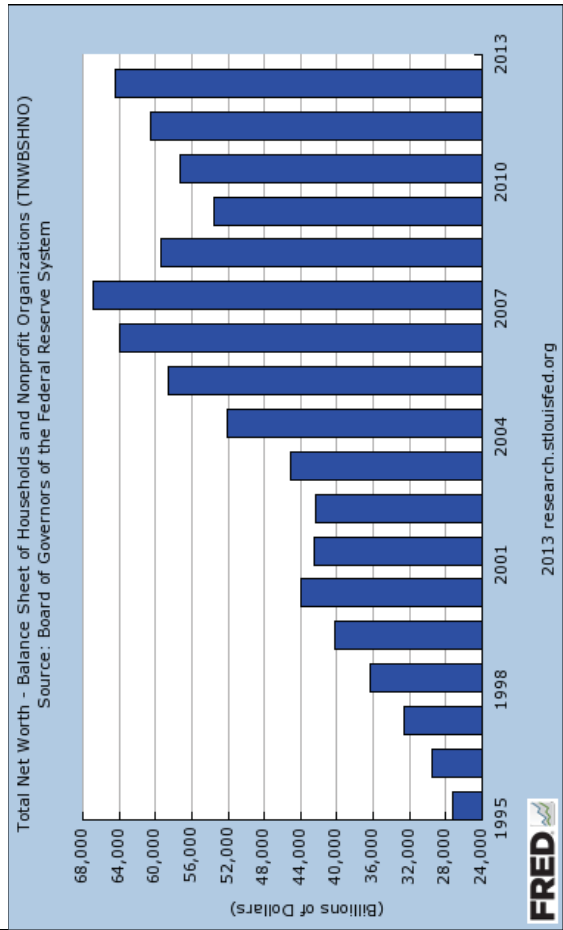


- 1.8% change in real consumer spending compared to 1.6% in Q3
- Durable goods drove the slight increase
- Not as promising as expected and trending downward

Consumption Drivers



YoY growth in disposable income historically low



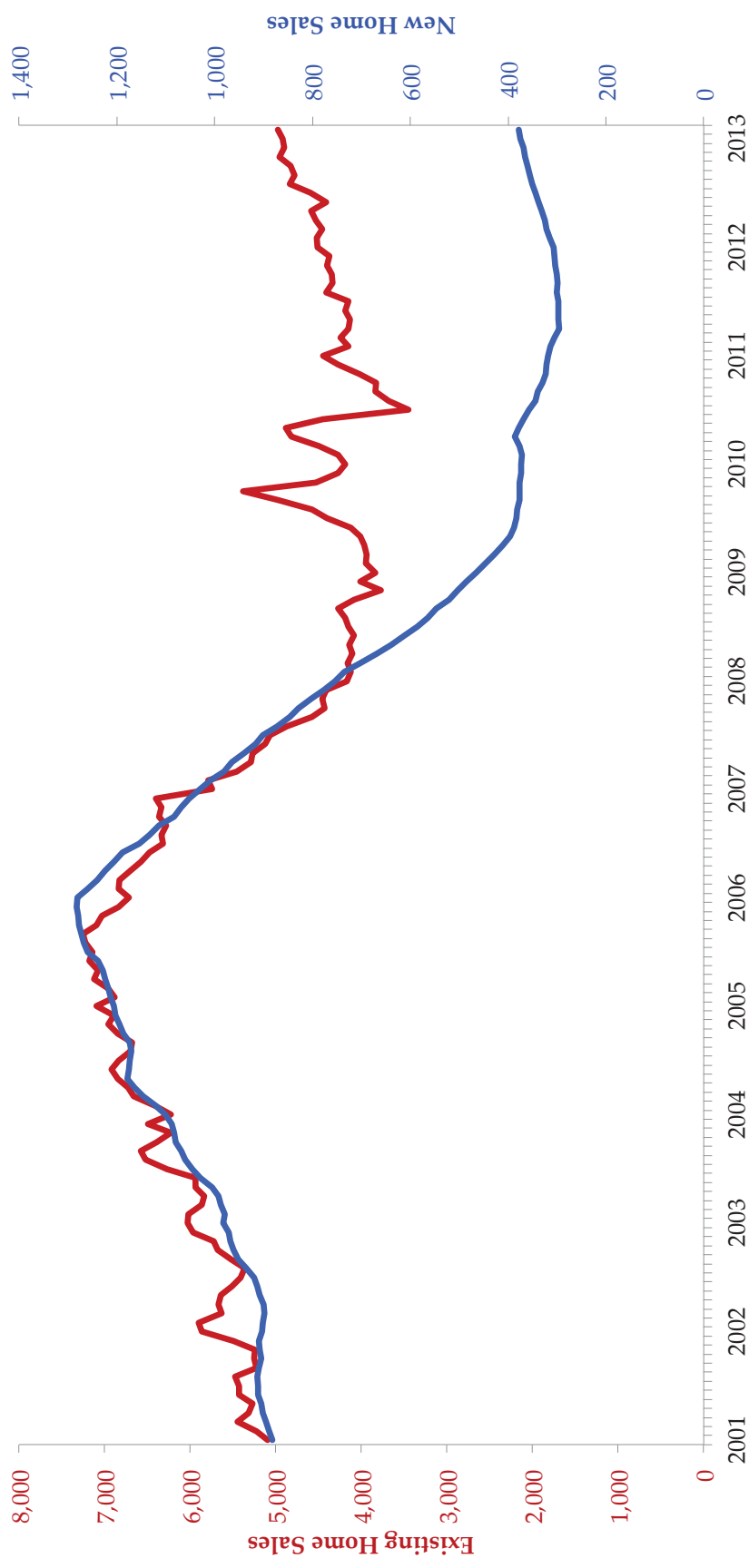
JP Morgan estimates mid-2013 household net worth to exceed pre-recessionary levels

Housing Sector



New and Existing Home Sales Show Increases

New and Existing home sales in units: 2001 - 2013

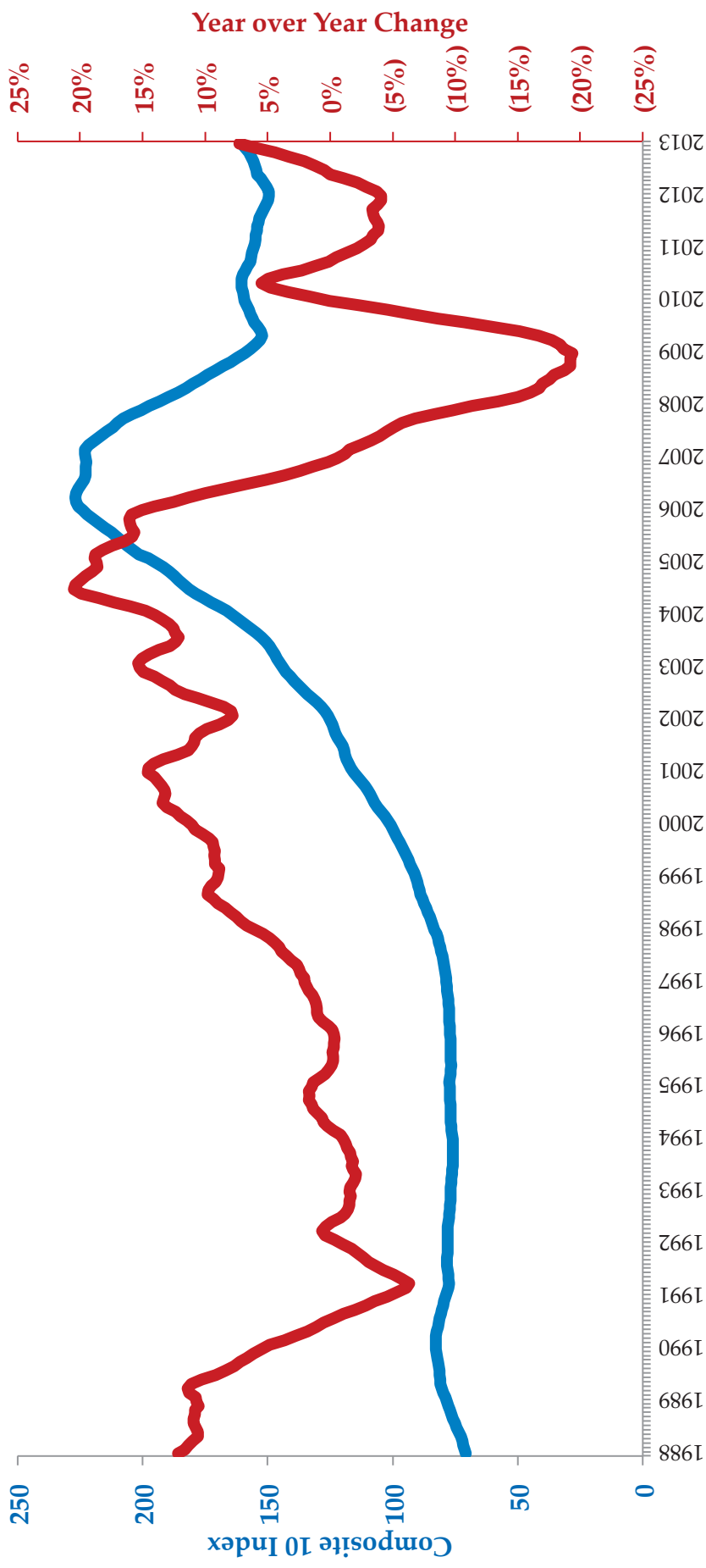


Housing Sector



Housing Prices Bouncing off the Bottom

Case Shiller Composite 10 Index and YoY Price Change: 1988 - 2013

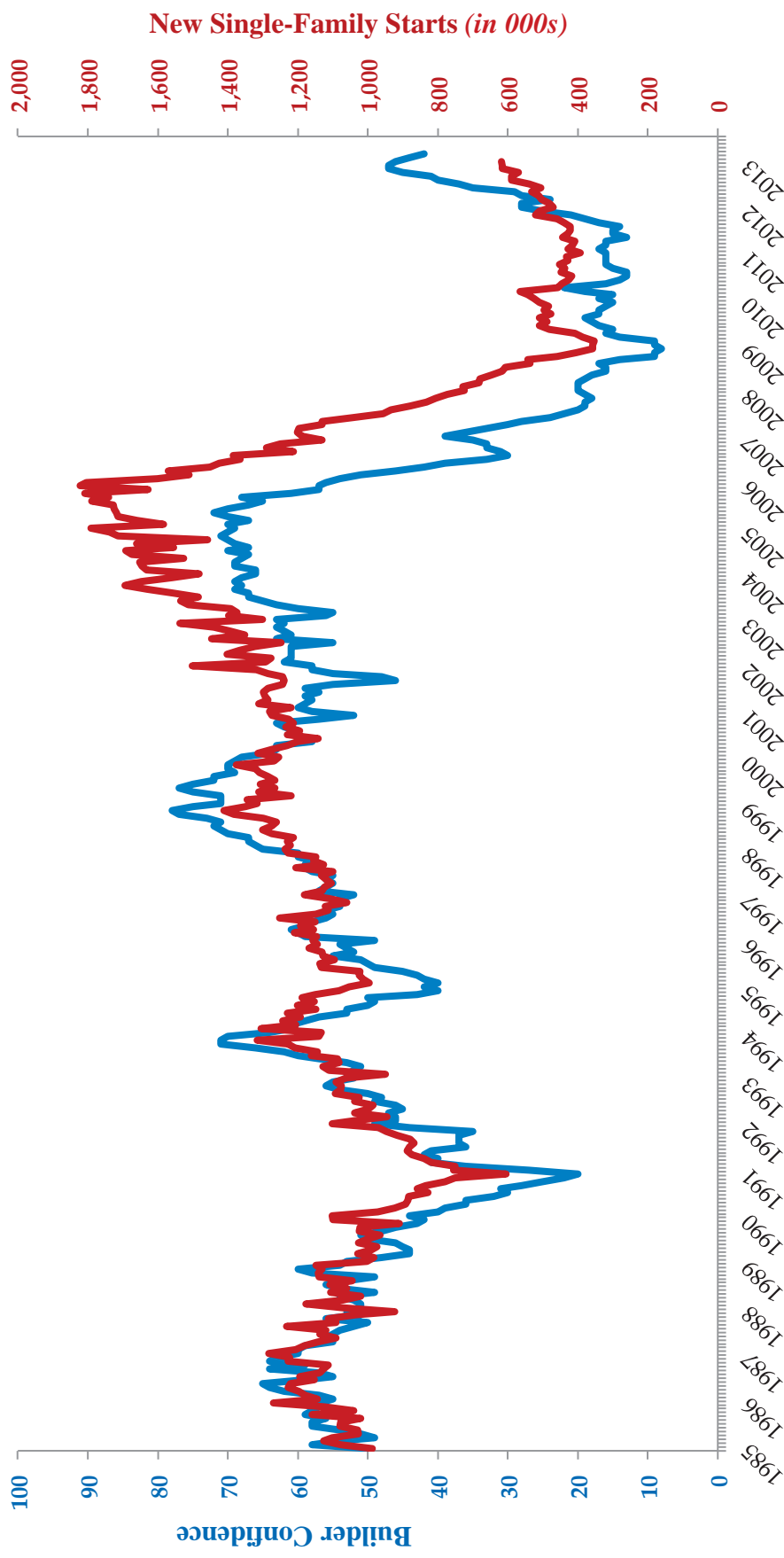


Housing Sector



Builder Confidence and Housing Starts Show Improvement

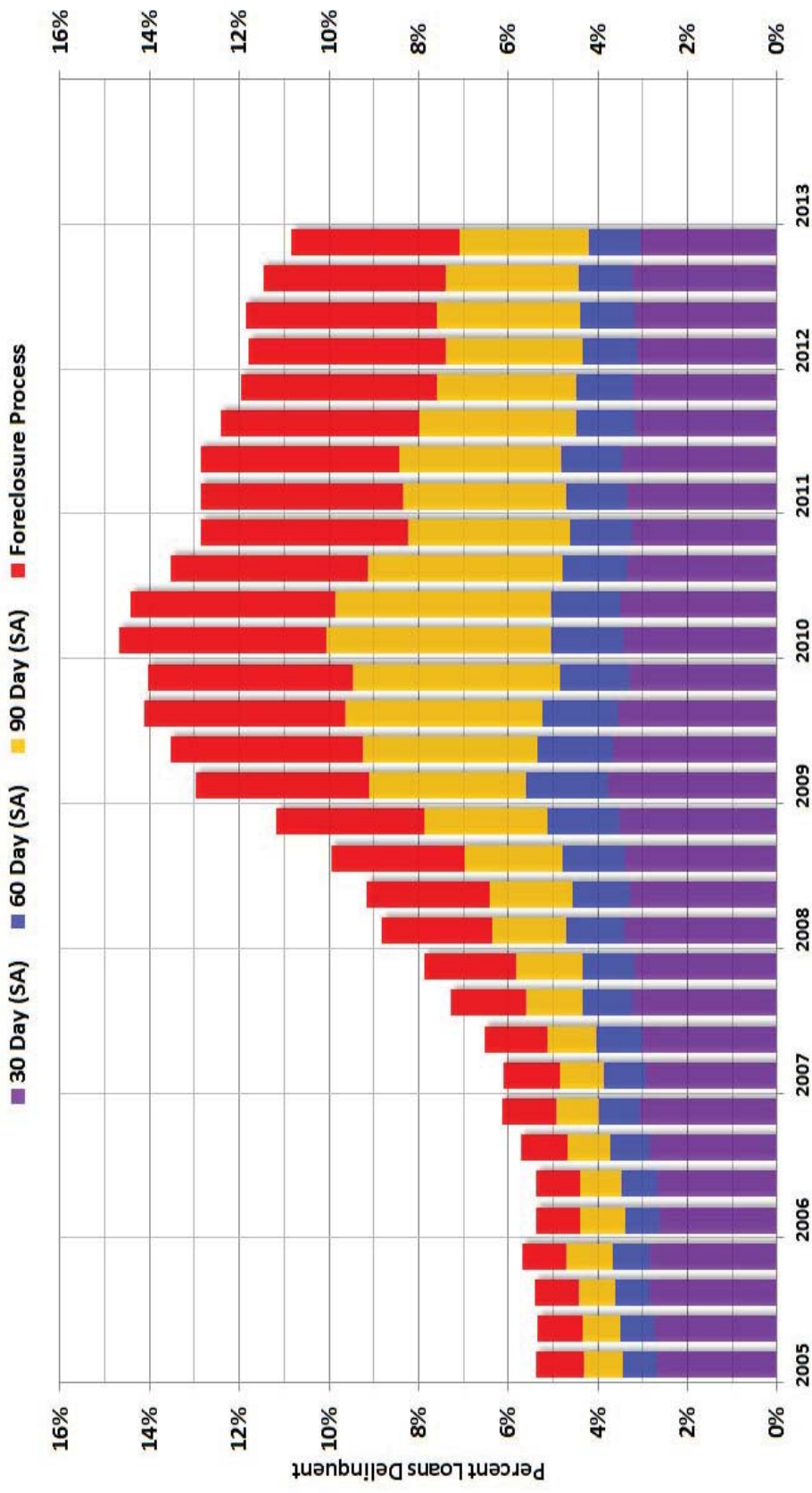
Builder Confidence and Housing Starts: 1985 - 2013



Housing Sector



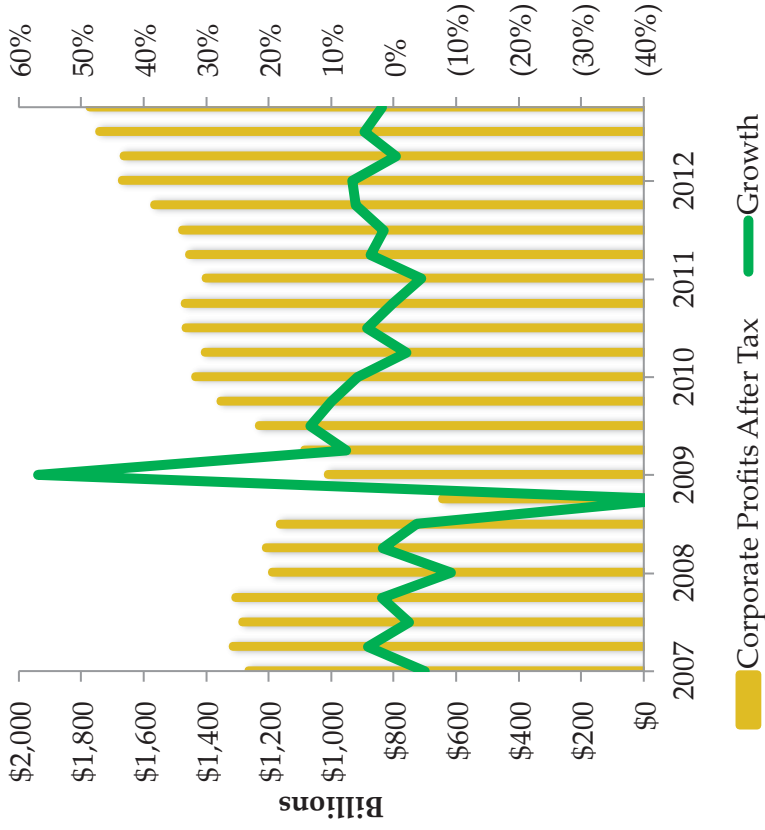
Mortgage Delinquencies and Foreclosures: 2005-2012



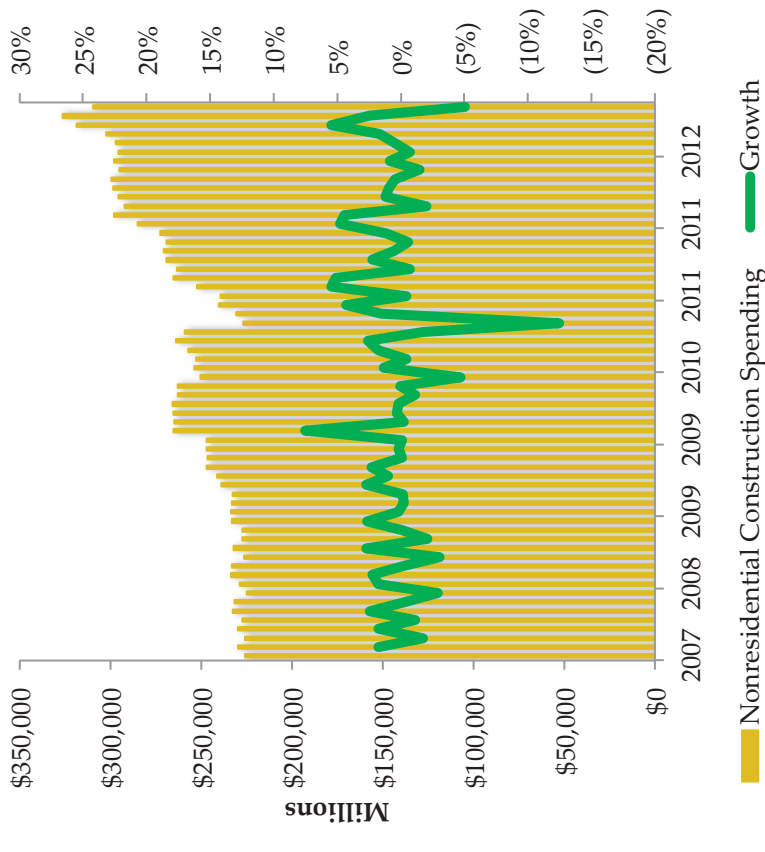
Business Investment Spending



Corporate Profits After Tax



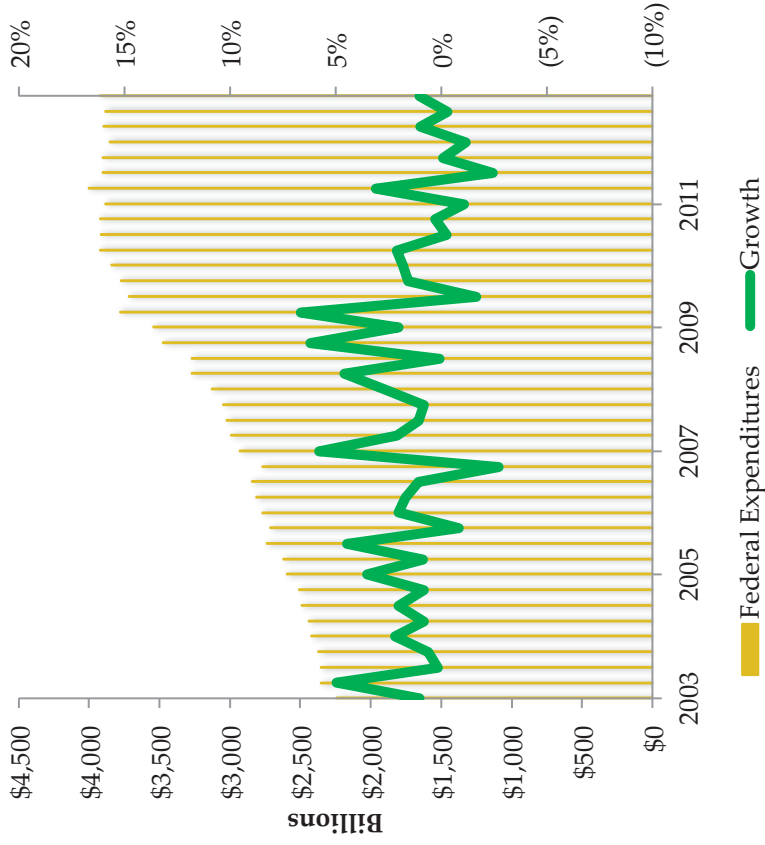
Nonresidential Construction Spending



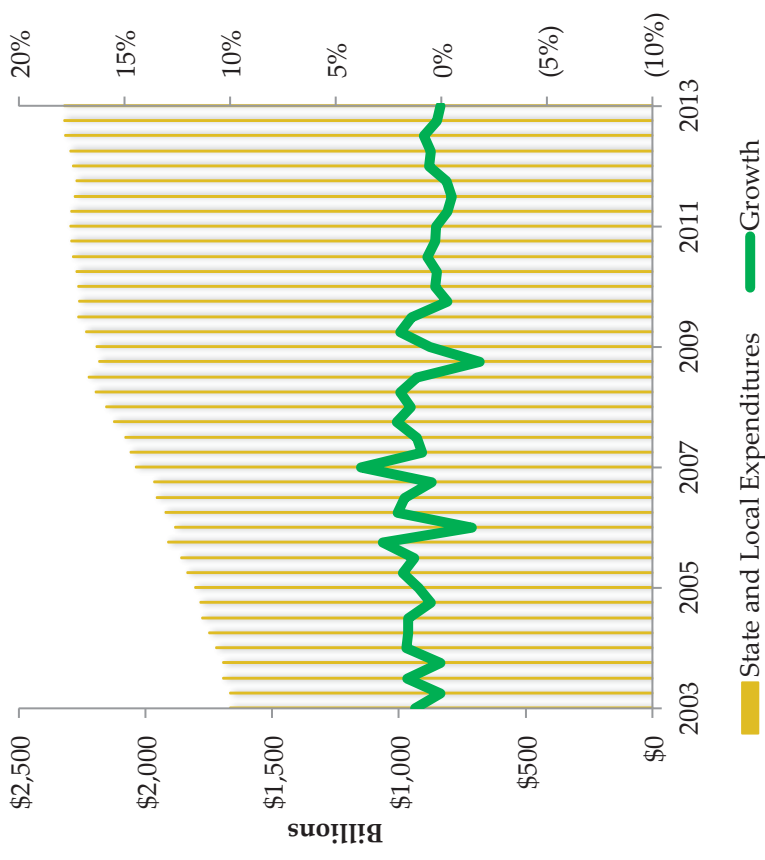
Government Spending



Federal Government Expenditures



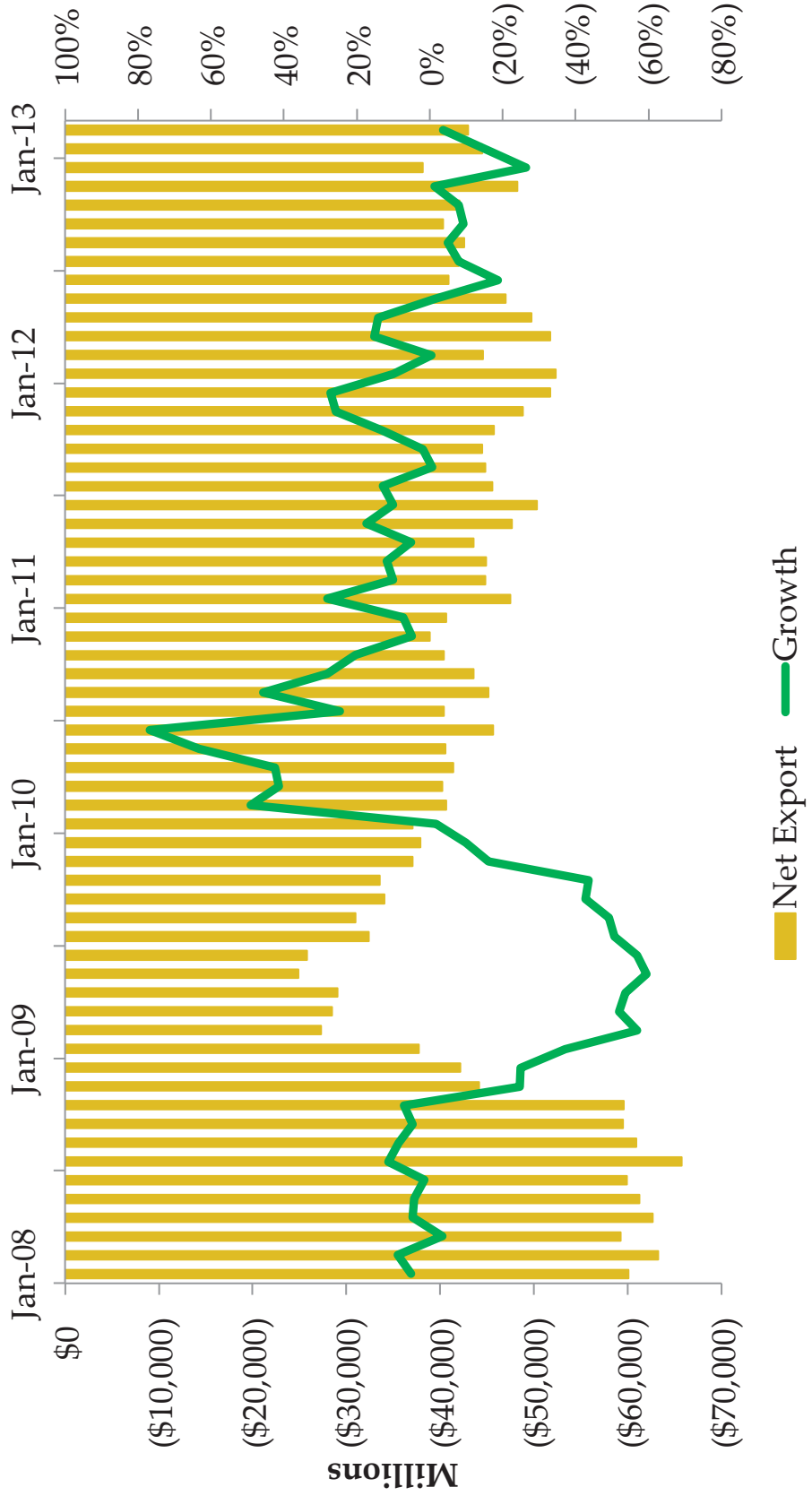
State and Local Government Expenditures



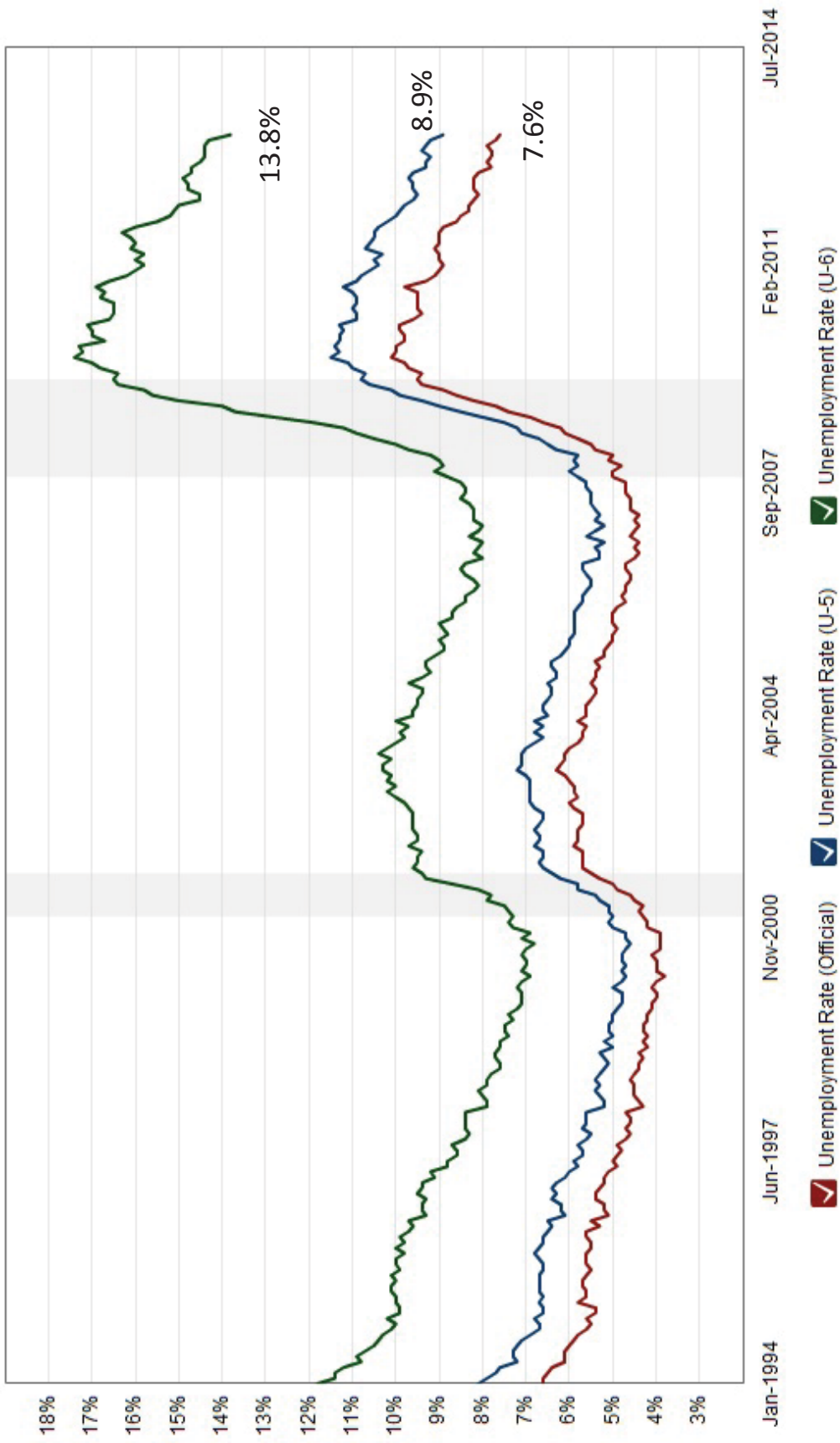
Net Exports



Five-Year Monthly Net Exports



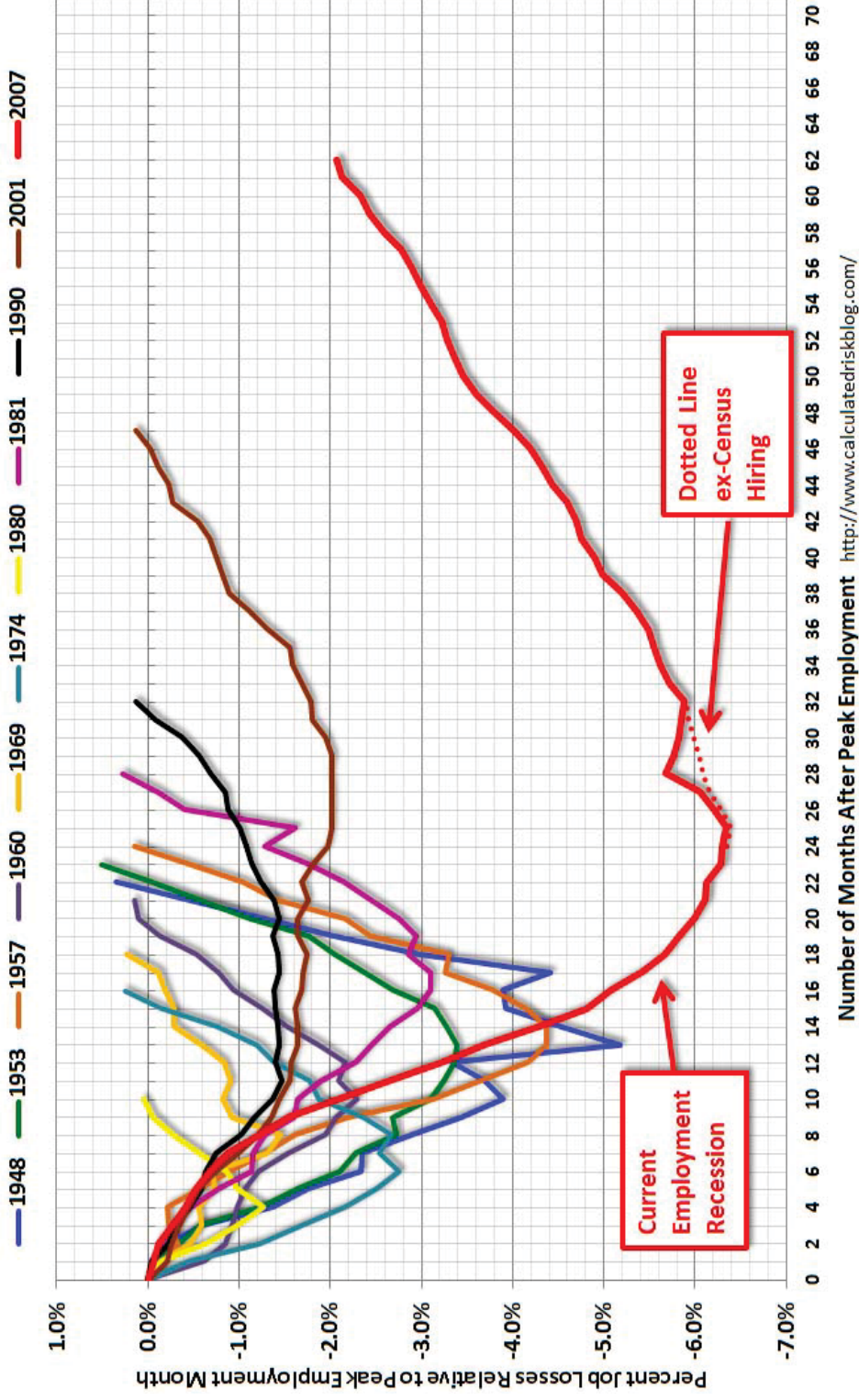
Unemployment



Unemployment



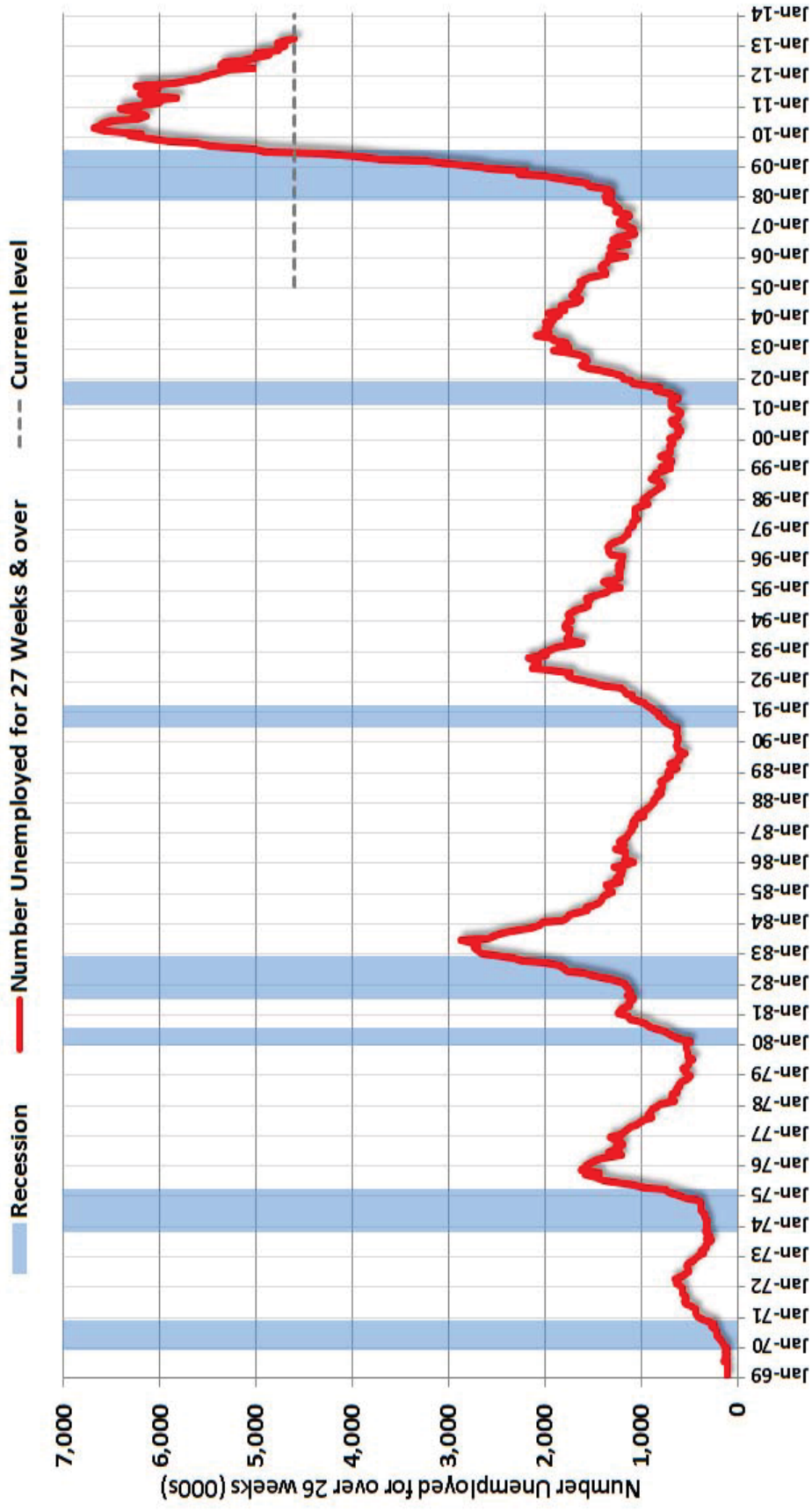
Percent Job Losses in Post-WWII Recessions



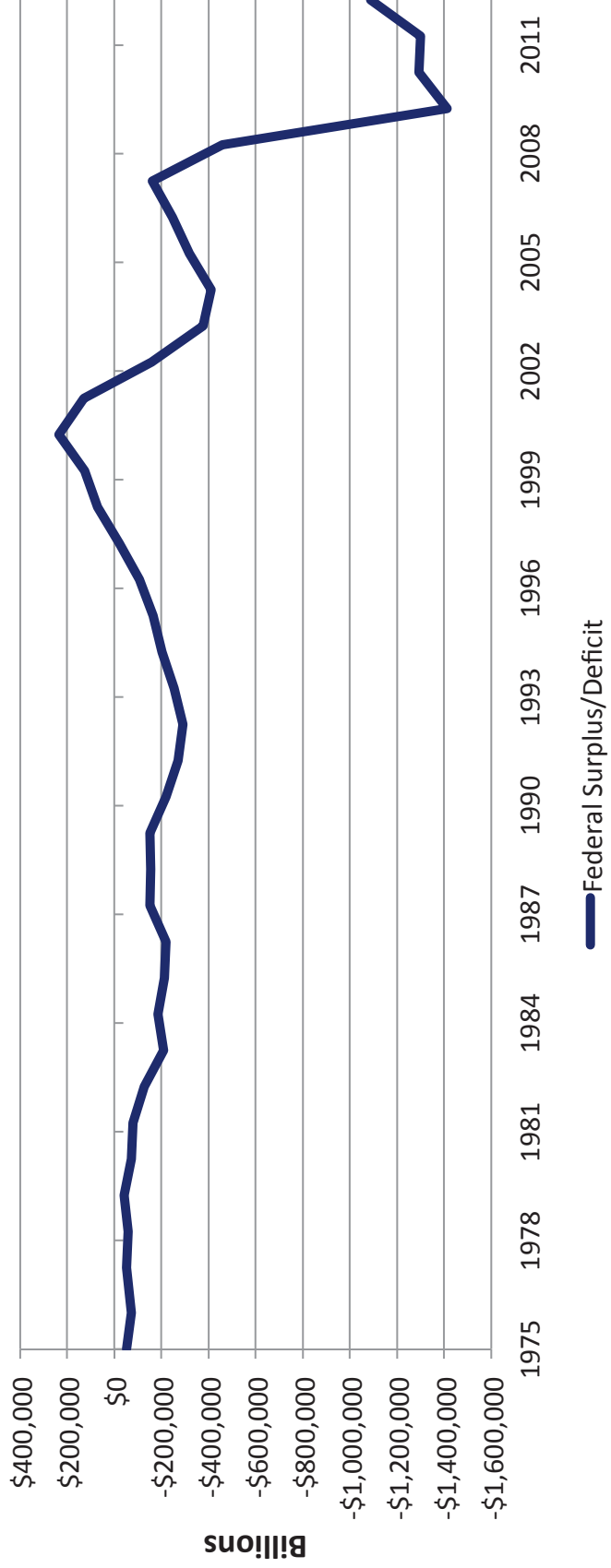
Unemployment



Unemployed for 27 Weeks & Over



Fiscal Policy



- Sequestration is in effect
 - \$1.2 trillion cut from 2013 – 2021
 - Consensus growth lowered to 1.4% from 2.0%
- Debt ceiling hurdle: May 19

Monetary Policy

Majority Position

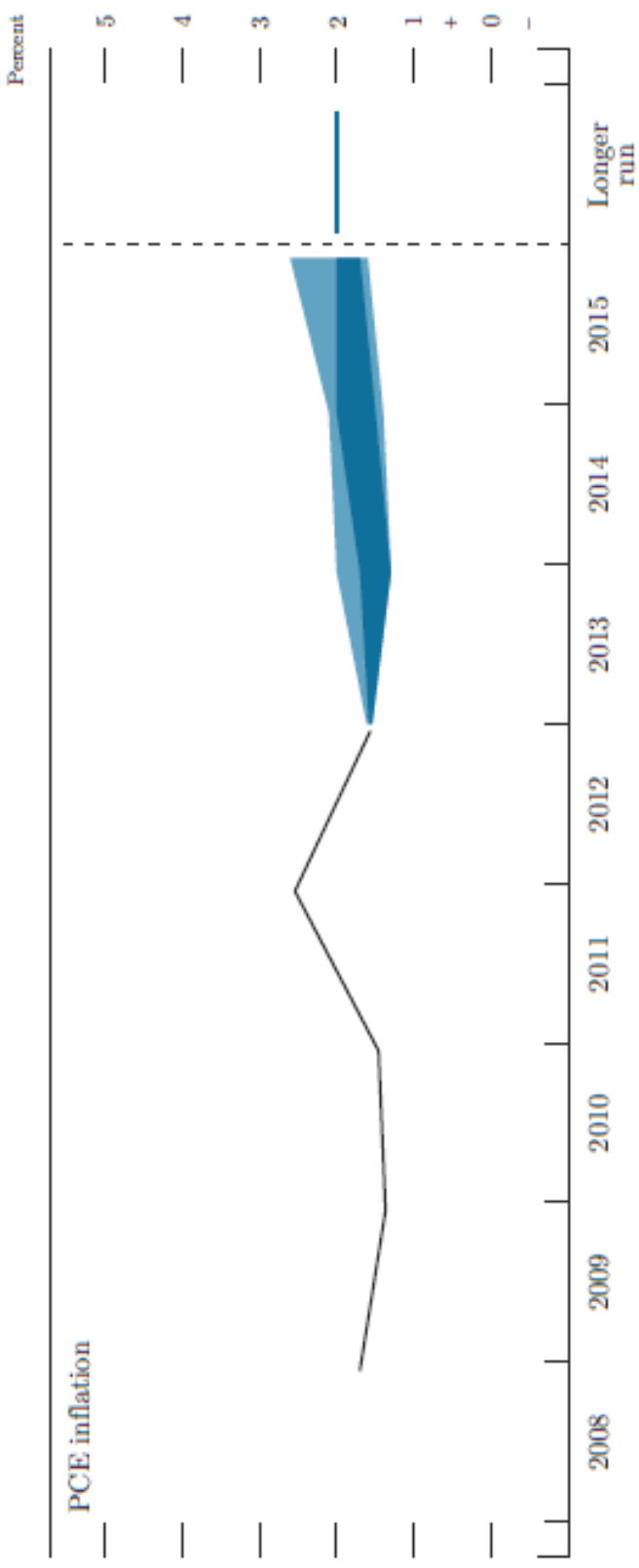
- Moderately strong economy is offset by restrictive fiscal policy
 - Continue monthly purchases of MBS and Treasury securities
 - \$45 billion of MBS
 - \$40 billion of Treasuries
 - Keep target rate at 0 – 0.25% until:
 - Unemployment drops below 6.5%
- AND*
- Inflation is less than 2.5%

Dissenting Position



- Esther George
 - Asset purchases do not help the real economy
 - Long-term risk of financial imbalances and high inflation

Inflation Projections



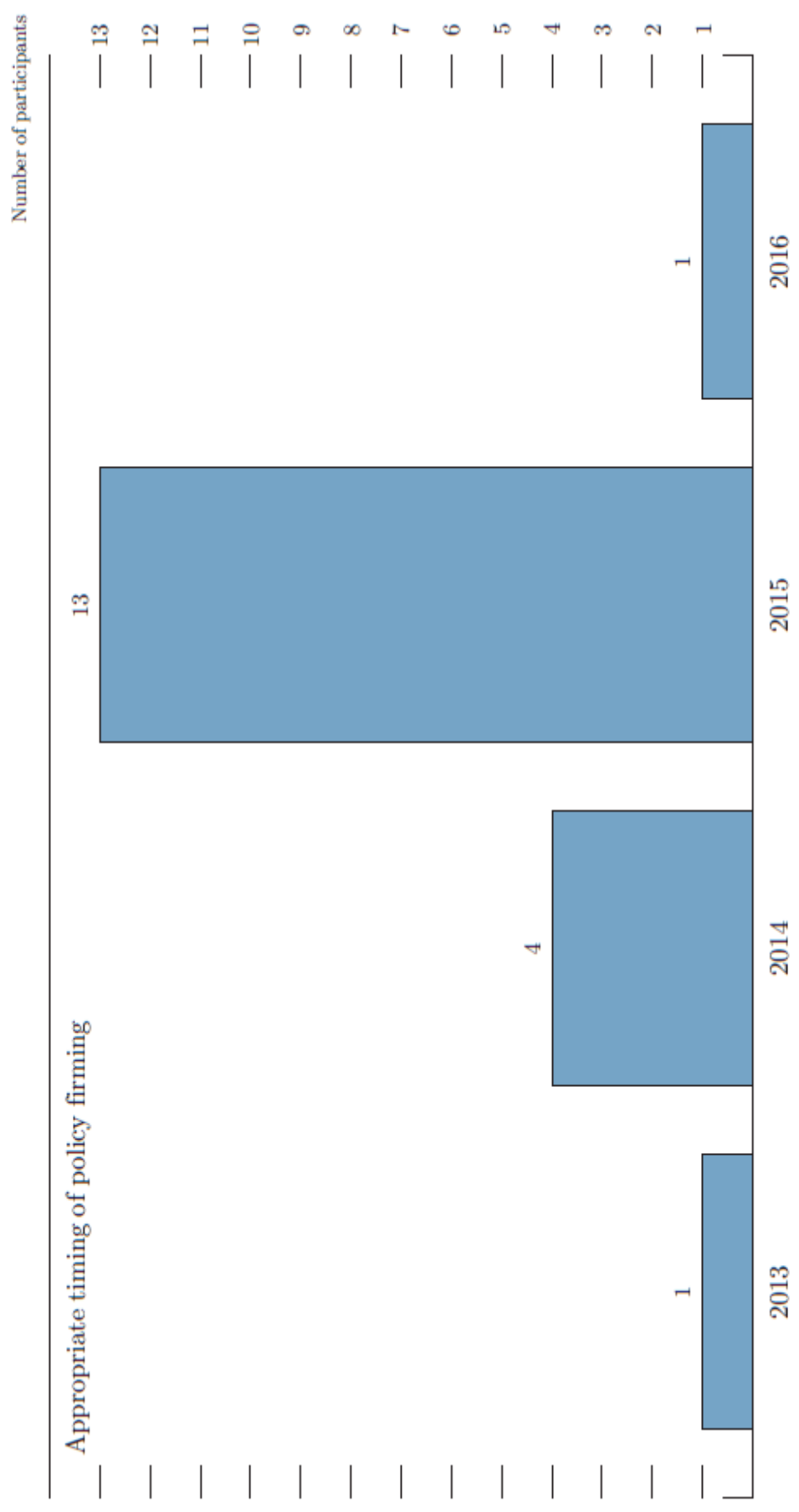
	Central Tendency*			Range**		
	'13	'14	'15	'13	'14	'15
PCE Inflation	1.3 - 1.7	1.5 - 2.0	1.7 - 2.0	1.3 - 2.0	1.4 - 2.1	1.6 - 2.6
			LT			LT
			2.0			2.0

*Excludes the 3 highest & 3 lowest projections in each year
 **Includes all participants' projections

Monetary Policy



When Should Policy Firming Occur?



Source: FRB FOMC minutes (March, 2013)

Disposable Income & Unemployment



- Up case:
 - People spend more money on leisure, thus increasing share values
- Down case:
 - People are still hesitant to spend, choosing instead to save
- Most likely scenario
 - The American consumer remains the American consumer
 - These marginal expenditures have become ingrained
 - Positive impact for the portfolio
 - Select Comfort, Apple, Coach, Cinemark, Delphi, Apollo Group

Monetary Policy



- Up case
 - Rates remain low as the Fed has stated
 - People continue to finance purchases
 - Assuming credit loosens
- Down case
 - Interest rates will rise at some point
 - May be less borrowing, therefore hurting industries reliant on debt
- Most likely scenario
 - The Fed will continue its assault on higher rates
 - Positive impact for the portfolio
 - Bank of Internet Holdings, Titan, Apollo Group

Corporate Profit

- Up case
 - Higher profitability and capital expenditure increases
- Down case
 - Profits are overseas and repatriation is unlikely
 - Restrictive policies force stagnation on sectors that have already cut the fat
- Most likely scenario
 - Profits rise, but businesses are hesitant to spend until the picture is clearer
 - Neutral impact for the portfolio
 - Intel, Microsoft, Teradata



Security Analysis

Overview

Corporate Governance

Discovery

Fundamental Analysis

Earnings Forecast

Multiples Valuation

Fundamental Analysis

Investment Policy

Security Selection

- Bottom-up approach to security selection
- Analysts complete seven reports
 - Company background
 - Fundamental analysis
 - Earnings forecast
 - Industry analysis
 - Beta
 - Technical analysis
 - Valuation, discovery and final recommendation
- Each analyst considers all seven reports and makes a buy, sell, or hold recommendation

Analyst Agenda



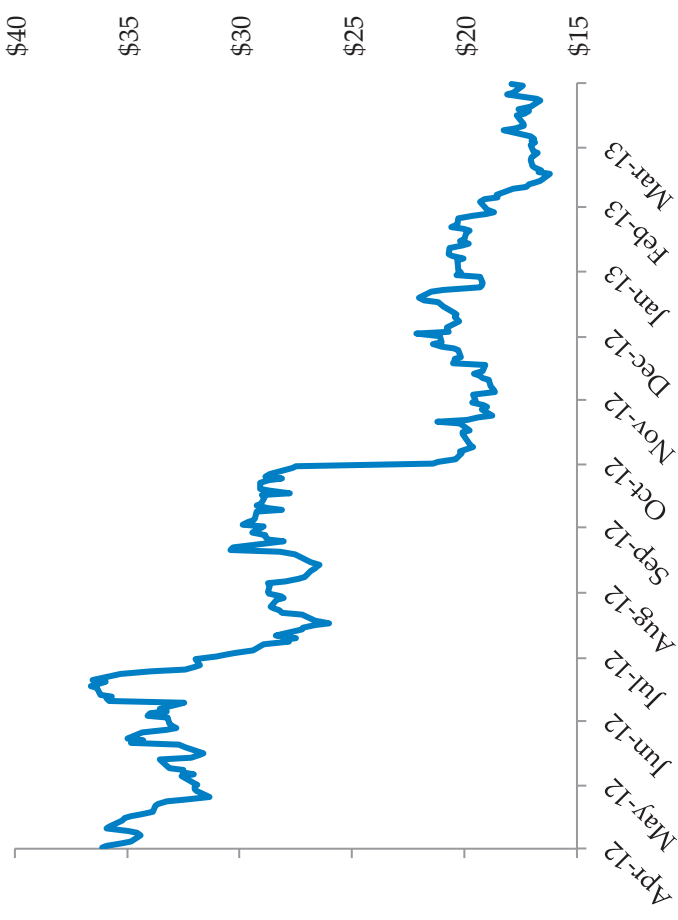
Analyst	Stock	Focus
Ryan Welsh	Apollo Group	Corporate Governance
Jim Falbe	BofI Holding	Discovery
Jake Lundberg	Cinemark	Fundamental Analysis
Mike Hoye	OpenTable	Earnings Forecast
Tom Pesch	Corning	Multiples Valuation
Luka Tomljenovic	Delphi Automotive	Fundamental Analysis
Brian Griffiths	Activision Blizzard	Investment Policy

Apollo Group Inc. (APOL)



Price (4/26/13): \$17.93
Market Cap: \$2.0B
One-Year Forward P/E: 6.2
One-Year Forward EPS: \$2.76

APOL: One-Year Price Chart



FOCUS: Corporate Governance

Corporate Governance



- Major concern for for-profit colleges
 - HLC changed its Core Components for accreditation effective Jan. 1, 2013
 - Core Component 1D was aimed at for-profit colleges: “The institution’s mission demonstrates commitment to the public good.”
 - HLC recommended placing the University of Phoenix on probation
 - Alleged insufficient autonomy relative to its parent corporation and sole shareholder
 - If the University of Phoenix loses its accreditation, it loses access to federal student aid funds

Valuation and Thesis



Recommendation - Buy			
Valuation Method	Weight	Value	Contribution
Discounted Cash Flow	10%	\$91.62	\$9.16
EV/Revenue (2013E)	30%	\$20.73	\$6.22
EV/EBITDA (2013E)	30%	\$29.00	\$8.70
P/E (2013E)	30%	\$25.98	\$7.71
Final Valuation			\$31.79
Market Price (4/17/13)			\$17.44
Estimated Upside (Downside)			82.28%

Investment Thesis:

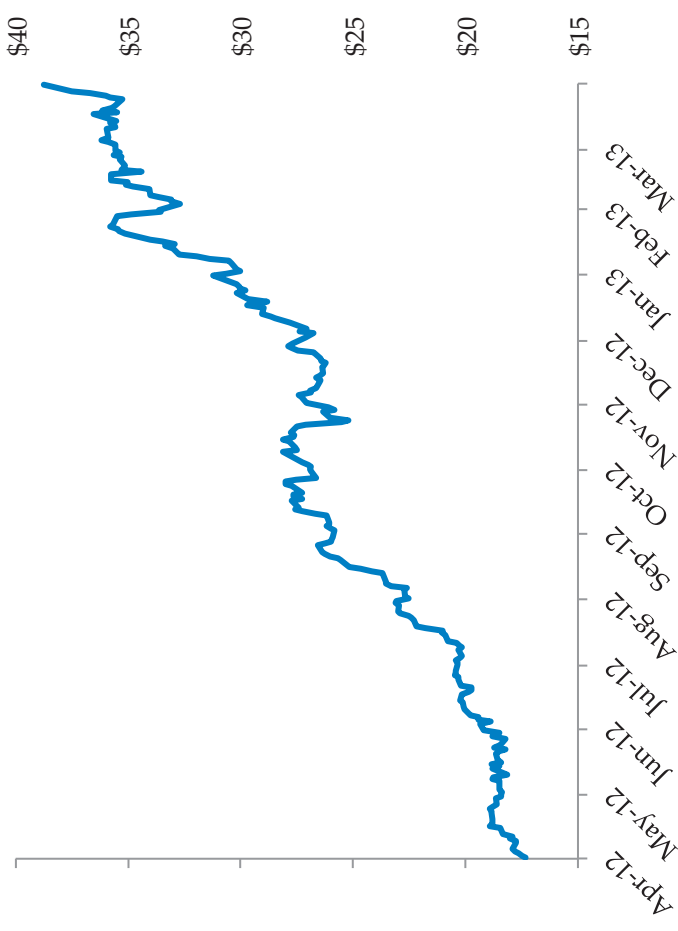
- Loss of accreditation is unlikely
- Skill shortages demand more education
- State schools are limiting capacity, shrinking programs, and rapidly increasing tuition

B of I Holding, Inc. (BOFI)



Price (4/26/13):	\$40.25
Market Cap:	\$516.3M
One-Year Forward P/E:	12.8
One-Year Forward EPS:	\$2.84

BOFI: One-Year Price Chart

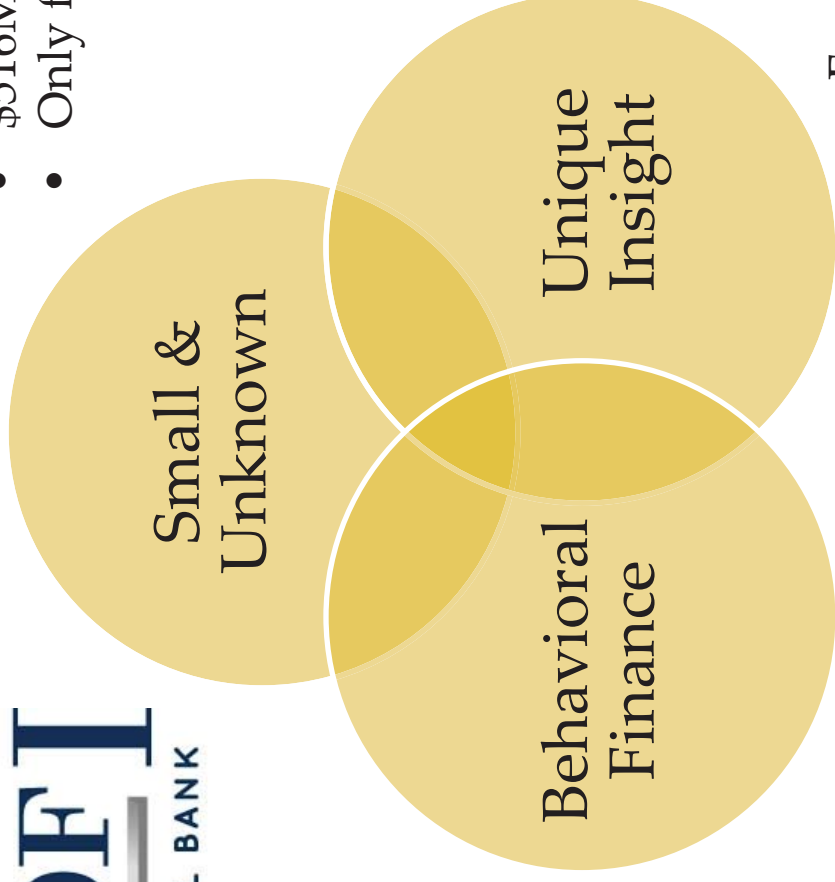


FOCUS: Discovery

Sourcing



- \$516M market cap
- Only four analysts



- Stereotypes
- Categories

- Every product is online
- New business model

Discovery



Key Strengths

- Ultra-low expenses (branchless model)
- Large residential loans (sourcing)

Products

- Applied for a 30-yr. fixed-rate mortgage
- Applied for a high-interest checking account

Relationships

- Costco, AmericanSeniors.org, hunting groups
- Traced CEO's relationship to Costco's board

Valuation and Thesis



Recommendation - Buy			
Valuation Method	Weight	Value	Contribution
Cash Flow to Equity Model	20%	\$55.39	\$11.08
Implied Forward P/E	20%	\$43.03	\$8.61
Price to Book	20%	\$34.22	\$6.84
Price to Total Gross Income	20%	\$37.95	\$7.59
Wasatch Valuation	20%	\$29.70	\$5.94
Final Valuation			\$40.06
Market Price (4/17/2013)			\$36.00
Estimated Upside (Downside)			11.28%

Investment Thesis:

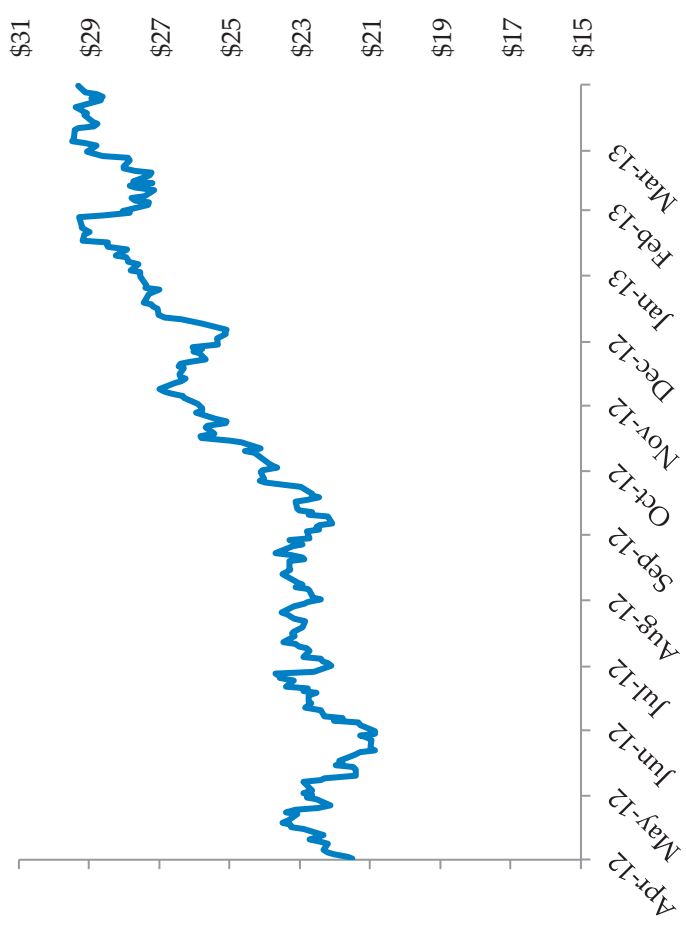
- High-growth bank with durable competitive advantages
- BofI shouldn't be priced like a fraud or a traditional Savings & Loan

Cinemark Holdings Inc. (CNK)



Price (4/26/13): \$29.36
Market Cap: \$3.3B
One-Year Forward P/E: 16.2
One-Year Forward EPS: \$1.58

CNK: One-Year Price Chart

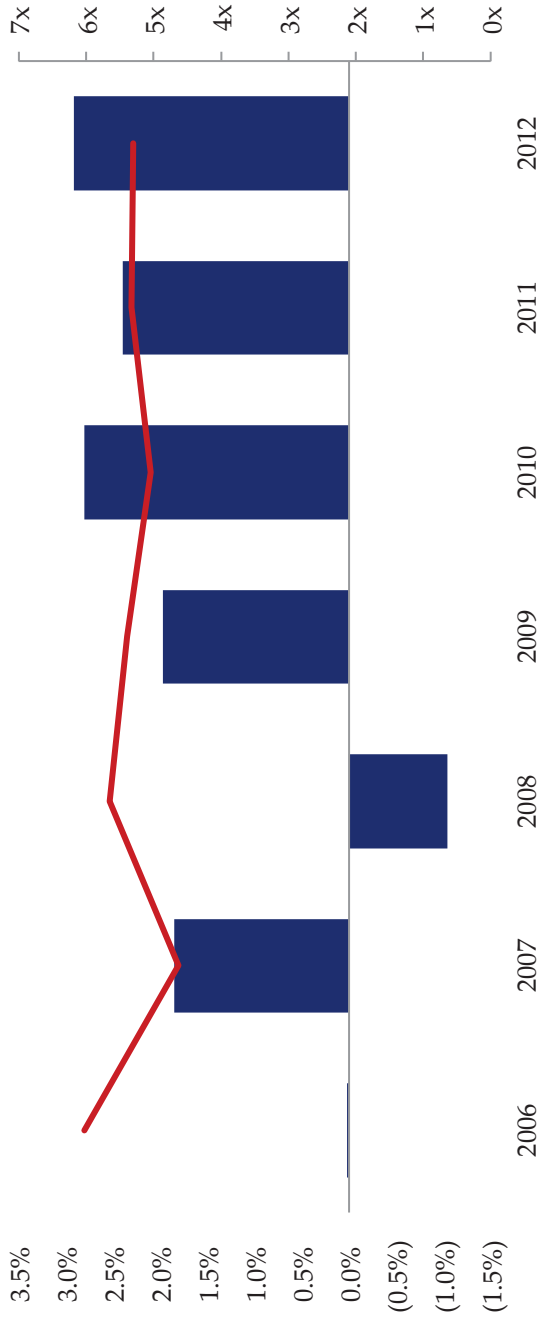


FOCUS: Fundamental Analysis

CNK Employs Significant Leverage



ROC and Leverage, 2006-2012



DCF Sensitivity to Attendance per Screen

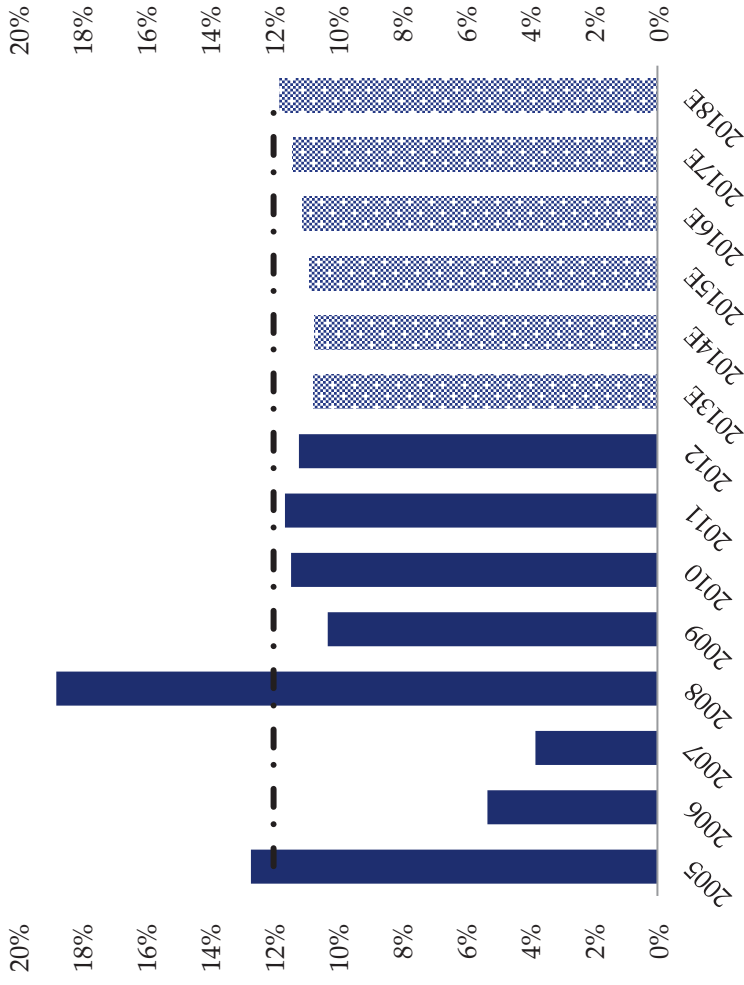
Change in International Attendance per Screen	Change in U.S. Attendance per Screen				
	(2.5%)	(2.0%)	(1.5%)	(1.0%)	(0.5%)
3.0%	\$17	\$21	\$24	\$28	\$32
3.5%	\$20	\$24	\$27	\$31	\$36
4.0%	\$23	\$27	\$31	\$35	\$39
4.5%	\$26	\$30	\$34	\$38	\$42
5.0%	\$30	\$33	\$37	\$41	\$45

Any ROIC Improvement Boosts Value



DCF Analysis ROIC, 2005-2018E

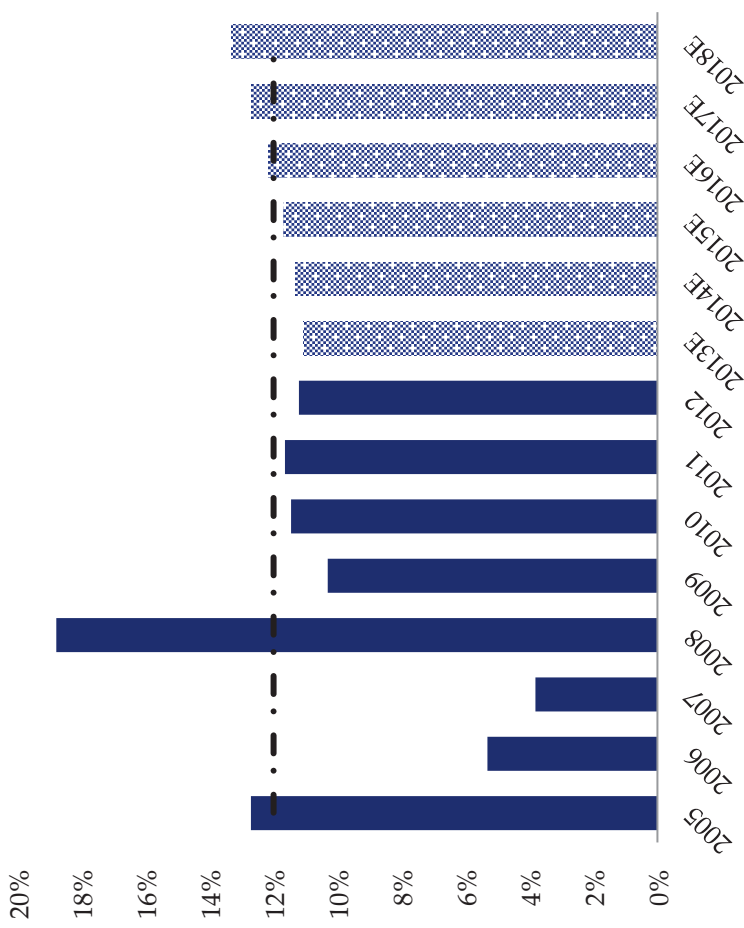
Assumes -1.5% Growth in U.S. Movie Attendance



DCF Valuation: \$31

Upside ROIC, 2005-2018E

Assumes 0% Growth in U.S. Movie Attendance



DCF Valuation: \$43

Valuation and Thesis



Recommendation - Buy			
Valuation Method	Weight	Value	Contribution
Discounted Cash Flow	50%	\$31.00	\$15.50
Multiples Analysis	25%	\$28.00	\$7.00
Dividend Discount Model	25%	\$31.00	\$7.75
Final Valuation			\$30.25
Market Price (4/17/13)			\$28.62
Estimated Upside (Downside)			5.70%

Investment Thesis:

- Levered exposure to the Latin American consumer
- Pessimistic market expectations for U.S. consumer
 - Any upside surprises result in significant outperformance

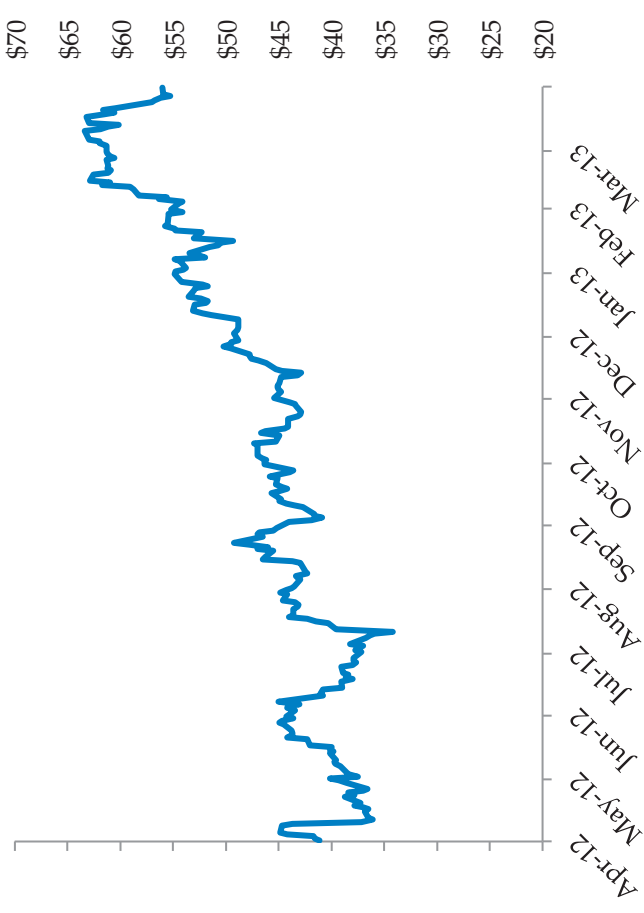
OpenTable, Inc. (OPEN)



OpenTable™

Price (4/26/13): \$55.69
Market Cap (4/26/13): \$1.3B
One-Year Forward P/E: 33.4
One-Year Forward EPS: \$1.46

OPEN: One-Year Price Chart



FOCUS: Earnings Forecast

Earnings Forecast

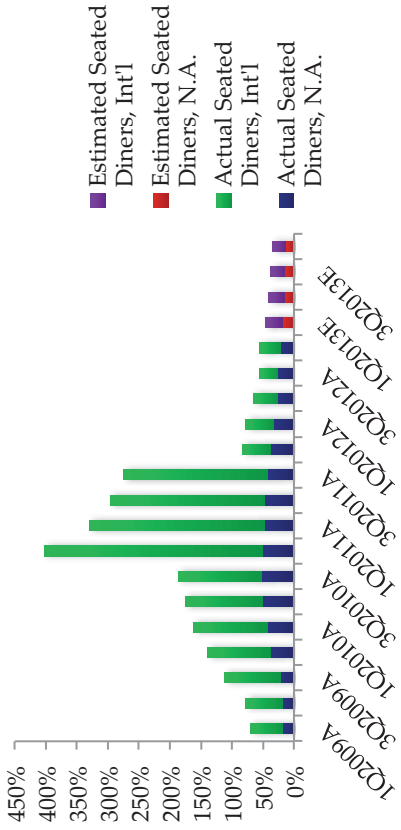


- Revenue fundamentals do not look good
 - OPEN revenue segments:
 - Reservations – driven by seated diners
 - Subscriptions – driven by installed restaurants
 - Other – primarily online advertising and special promotions
 - YoY growth in seated diners and installed restaurants declining
 - Penetration rates approaching critical mass
 - Other revenue steadily becoming larger part of revenue portfolio
- International might be an opportunity in the future, but now it's a sinkhole
- **OpenTable's revenue growth has hit an inflection point as evidenced by declining growth rates and increased restaurant churn**

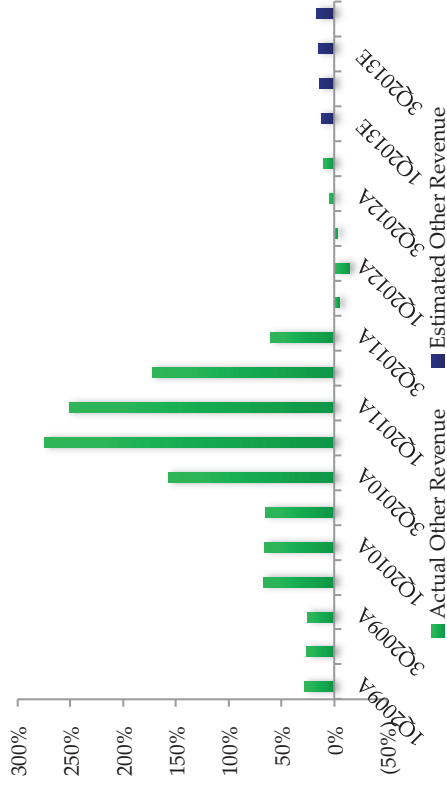
Earnings Forecast



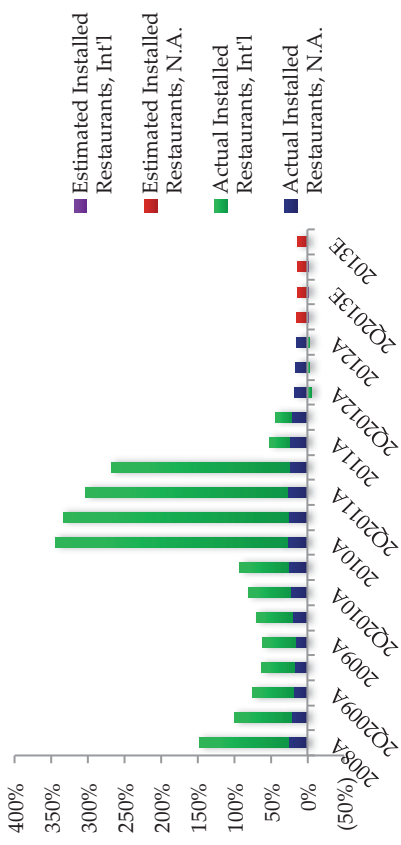
Seated Diners YoY Growth



Other Revenue Growth



Installed Restaurants YoY Growth



Commentary

- High quality/highly visible earnings growth on a steady decline
- Online advertising is not core competency

Valuation and Thesis



Recommendation - Sell			
Valuation Method	Weight	Value	Contribution
Forward P/E	5%	\$19.32	\$0.97
Forward P/Book	5%	\$30.32	\$1.52
Forward P/Sales	5%	\$12.66	\$0.63
Forward P/EBIT	5%	\$47.39	\$2.37
Forward P/EBITDA	5%	\$32.99	\$1.65
Discounted Cash Flow	75%	\$38.00	\$28.50
Final Valuation			\$35.64
Market Price (4/17/13)			\$56.19
Estimated Upside (Downside)			(36.57%)

Investment Thesis:

- OpenTable is a “Sell” due to decreasing growth rates in both seated diners and installed restaurants and restaurant churn

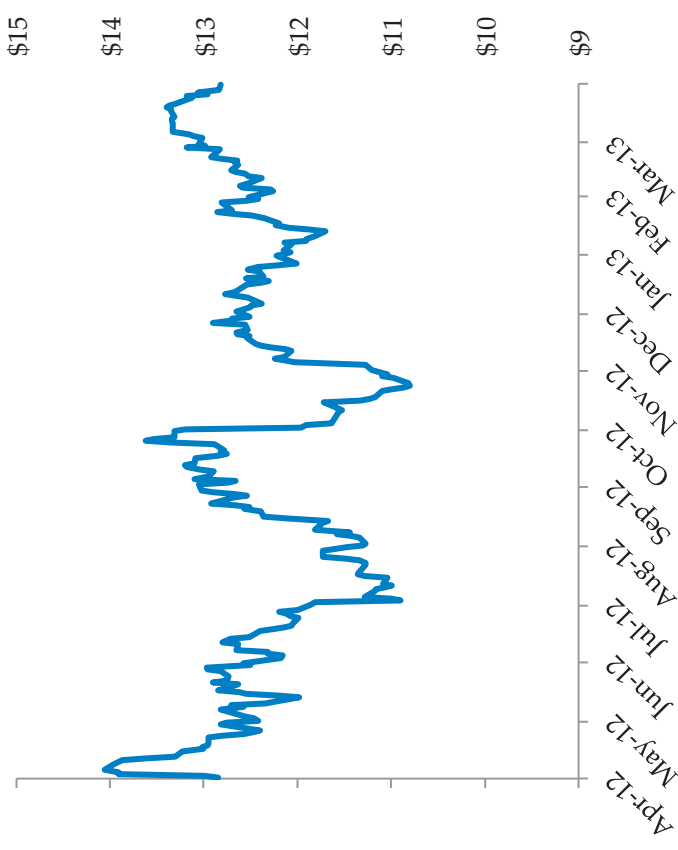
Corning, Inc. (GLW)



CORNING

Price (4/26/13): \$14.23
Market Cap: \$21.3B
One-Year Forward P/E: 10.6
One-Year Forward EPS: \$1.23

GLW : One-Year Price Chart



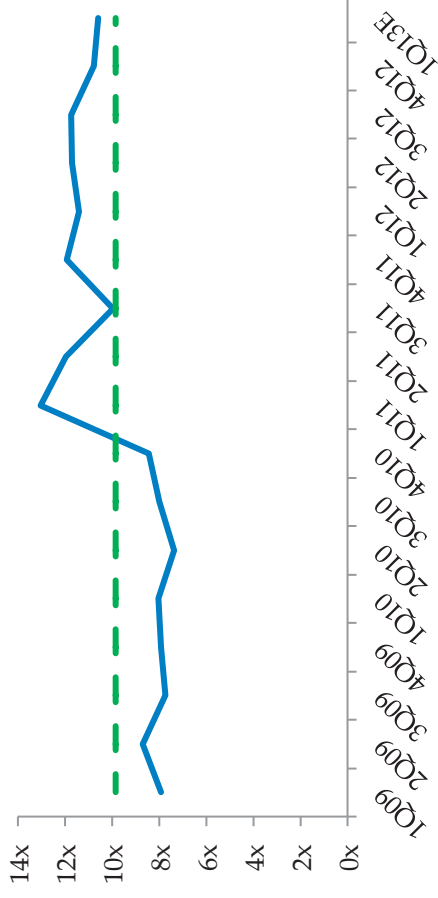
FOCUS: Multiples Valuation

Multiples Valuation

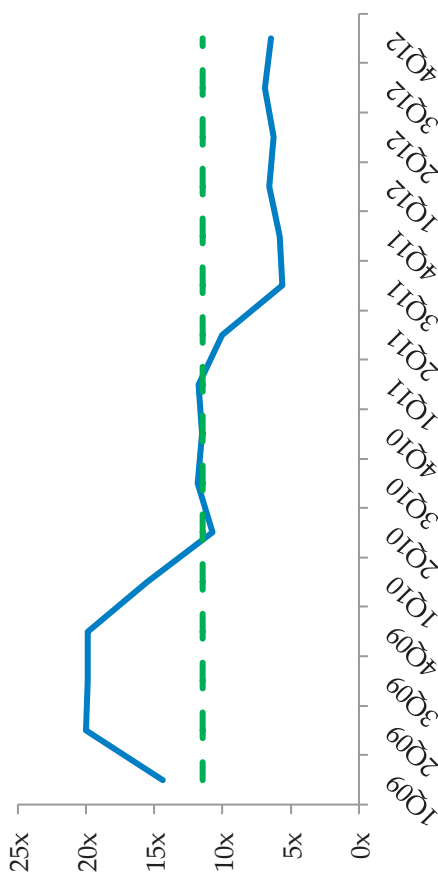


- Elements of multiples valuation
 - Calculation of relevant multiples
 - Selection of comparable companies
 - Comparison with relevant benchmarks
- Implied forward P/E
 - Price stagnation amid slipping earnings
- Implied forward EV/EBITDA
 - Price stagnation and debt reduction amid growing revenues

GLW: Implied Forward P/E



GLW: Implied Forward EV/EBITDA



Multiples Valuation

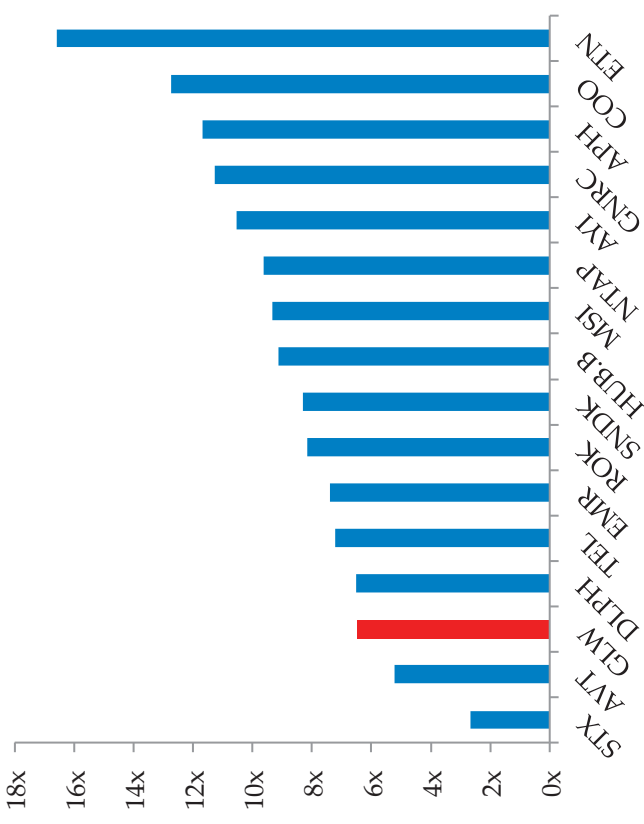


Implied Forward P/E Comparables



GLW Four Year P/E Average:	9.83
Competitor Average:	19.05
Industry Average:	11.73
Final GLW Estimated Forward P/E:	11.70
Intrinsic Value:	\$14.40

Implied Forward EV/EBITDA Comparables



GLW Four Year EV/EBITDA Average:	11.5
Competitor Average:	8.29
Industry Average:	8.28
Final GLW Estimated Forward EV/EBITDA:	8.75
Intrinsic Value:	\$15.59

Valuation and Thesis



Recommendation - Buy			
Valuation Method	Weight	Value	Contribution
Implied Forward P/E	25%	\$14.40	\$3.60
EV/EBITDA	25%	\$15.59	\$3.90
DCF - Base	40%	\$19.67	\$7.87
DCF - Downside	10%	\$15.71	\$1.57
Final Valuation			\$16.94
Market Price (4/17/13)			\$12.96
Estimated Upside (Downside)			30.71%

Investment Thesis:

- Recent earnings volatility has heightened investor skepticism
- Volatility was already factored into Corning's share price
- Recent price stagnation has held Corning well below its intrinsic value

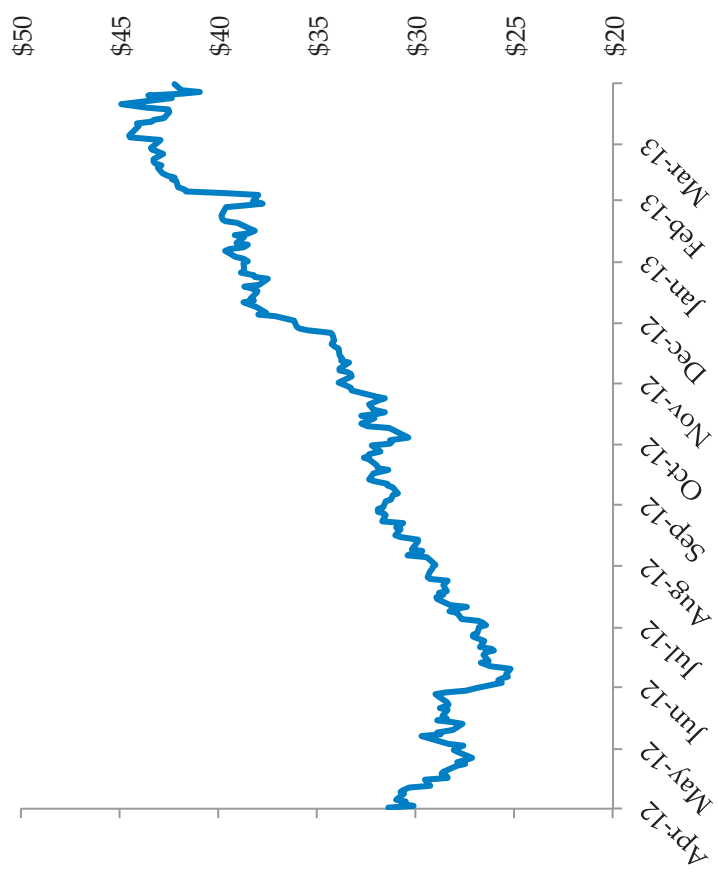
Delphi Automotive (DLPH)



DELPHI

Price (4/26/13): \$44.70
Market Cap: \$14.1B
One-Year Forward P/E: 9.31
One-Year Forward EPS: \$3.93

DLPH: One-Year Price Chart



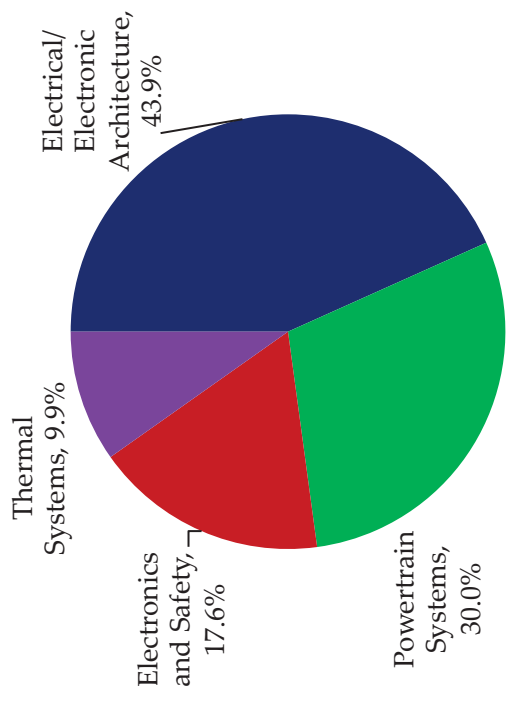
FOCUS: Fundamental Analysis

DLPH Company Background

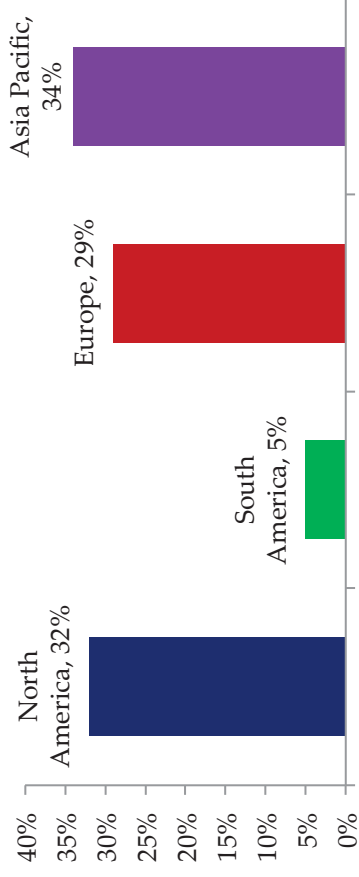


- Vehicle components supplier with global reach
- Safe, green, connected
- Aggressive cost discipline
- Impressive execution

2012 Sales by Segment (\$15.5B Total)



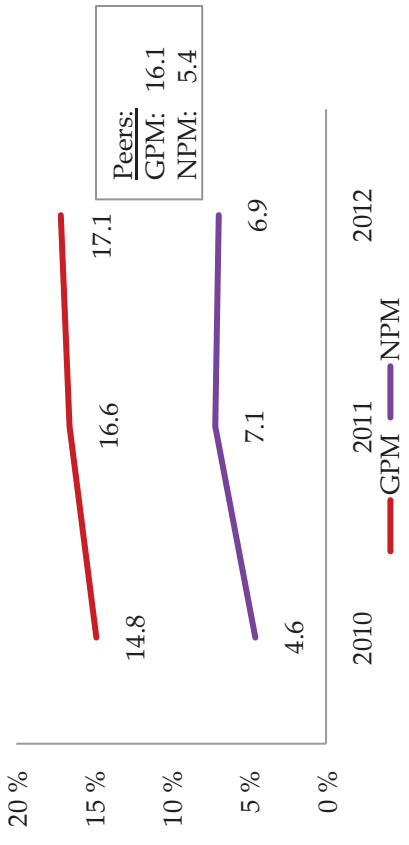
2012 New Business Bookings Distribution



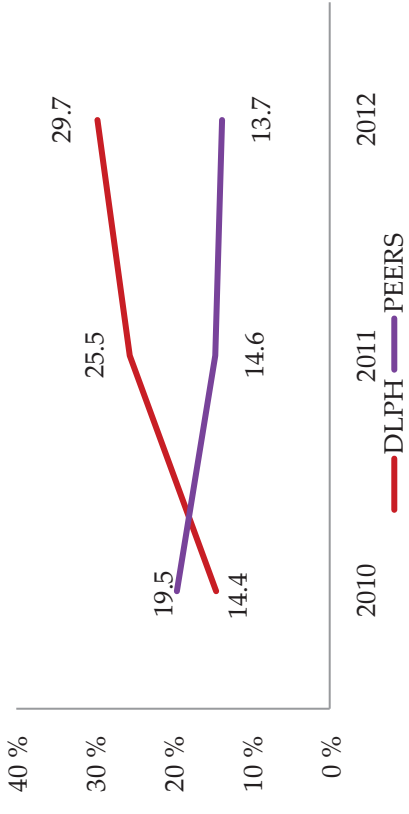
Fundamental Analysis



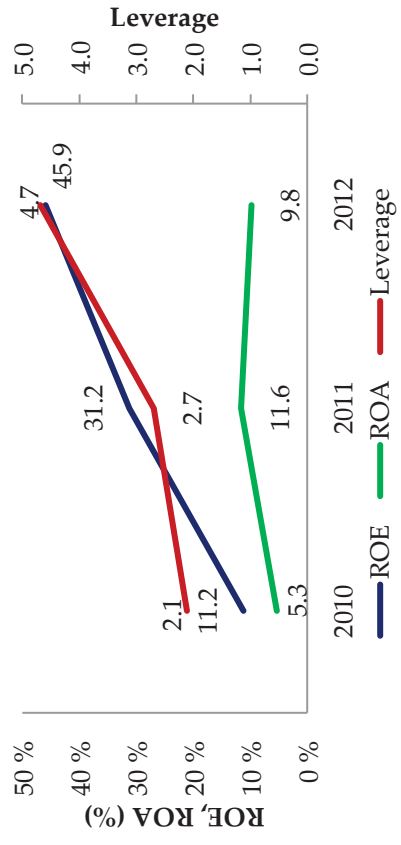
Margin Expansion



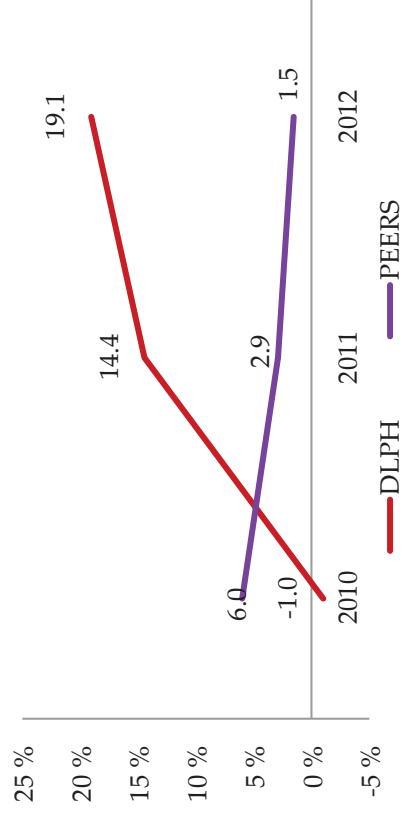
Return on Invested Capital (ROIC)



DuPont Analysis



Economic Spread (ROIC-WACC)



Valuation and Thesis



Recommendation - Buy			
Valuation Method	Weight	Value	Contribution
Implied Forward Price-to-Earnings	10%	\$33.42	\$3.34
Implied Forward Price-to-EBIT	10%	\$36.73	\$3.67
Implied Forward Price-to-EBITDA	10%	\$36.24	\$3.62
Free Cash Flow	70%	\$47.92	\$33.55
Final Valuation			\$44.19
Market Price (4/17/13)			\$41.87
Estimated Upside (Downside)			5.54%

Investment Thesis:

- Strong fundamentals
- Competitive advantage (at least for the next five years)
- Above average company at an average price

Activision Blizzard, Inc. (ATVI)



ACTIVISION

BILZARD™

Price (4/26/13):

\$14.82

Market Cap:

\$16.5B

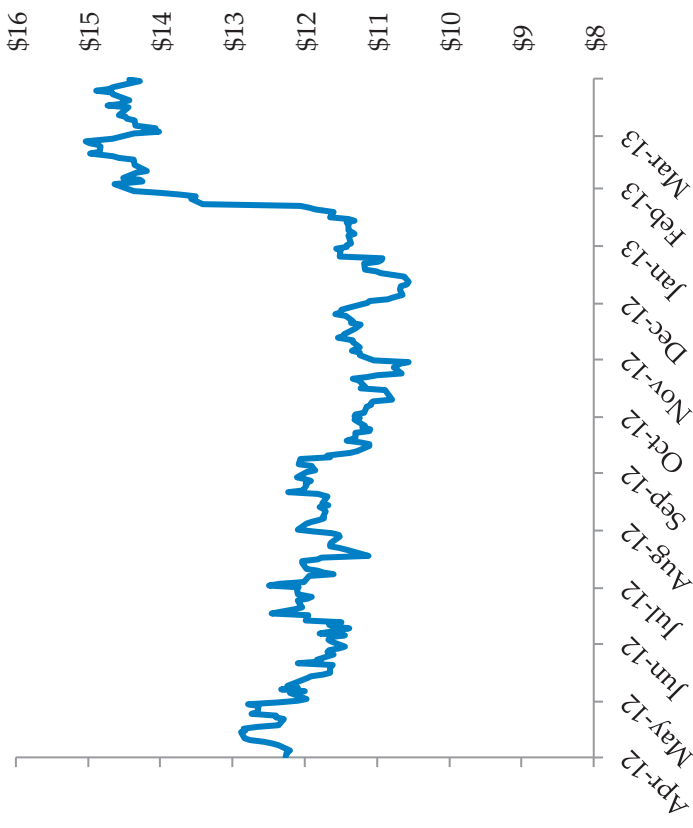
One-Year Forward P/E:

13.3

One-Year Forward EPS:

\$0.81

ATVI: One-Year Price Chart



FOCUS: Investment Policy

AIM Investment Policy



- According to AIM policies and guidelines, the portfolio will not “invest in any company whose values are inimical with those of the University of Notre Dame”
- Analysts are given the trust and confidence of the University, and are obligated to act on its behalf as fiduciaries with regard to the portfolio
- Over 30% of Activision Blizzard’s revenue comes from the sale of games that are rated “mature,” the equivalent of an “R” rating for a movie



Value Investing



“Any trend to produce programs and products - including animated films and video games - which in the name of entertainment exalt violence and portray anti-social behavior or the trivialization of human sexuality is a perversion, all the more repulsive when these programs are directed at children and adolescents.”

-Pope Emeritus Benedict XVI

“In fact, violent videogames have an even more powerful influence than violent television and movies, whose detrimental effects have been documented for decades.”

-Darcia Narvaez, Professor of Psychology at Notre Dame

Valuation and Thesis



Recommendation - Sell			
Valuation Method	Weight	Value	Contribution
Book Value	10%	\$10.15	\$1.02
Dividend Discount	10%	\$9.98	\$1.00
P/E Multiple	15%	\$15.82	\$2.37
P/B Multiple	15%	\$16.24	\$2.44
Discounted Cash Flow	50%	\$20.14	\$10.07
Final Valuation			\$16.89
Market Price (4/17/13)			\$14.18
Estimated Upside (Downside)			19.11%

Investment Thesis:

- Using traditional investment analysis techniques, Activision Blizzard is a “Buy”
- After a lively debate and voting deadlock, AIM XXXVI decided to hold ATVI in the portfolio
- Analyst consensus that the company’s values did not directly conflict with those of the University



Portfolio Performance

Historical Performance

Attribution Analysis

Risk-Adjusted Measures

Active Share

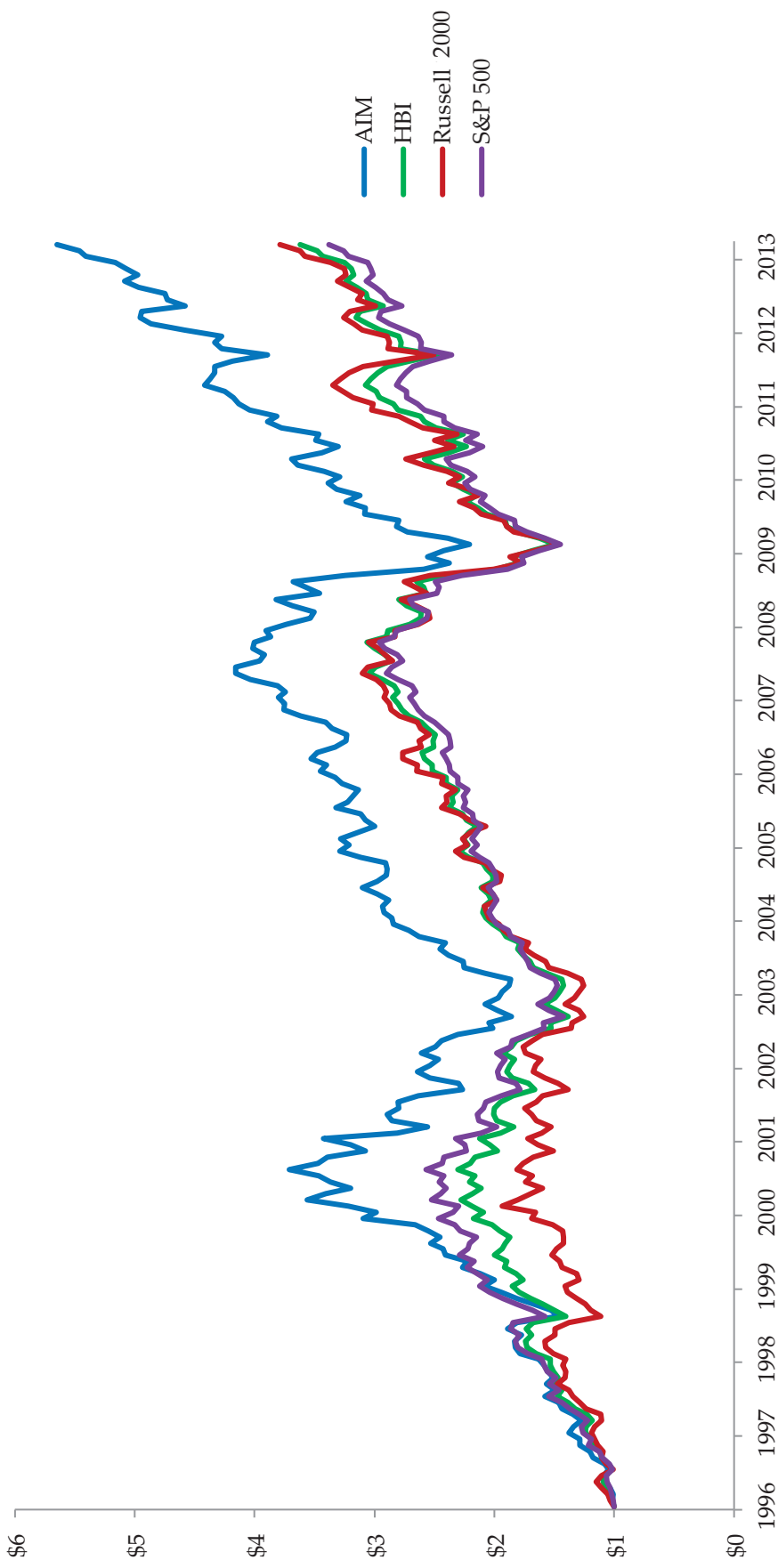
Bull vs. Bear

Final Portfolio

Return Comparison



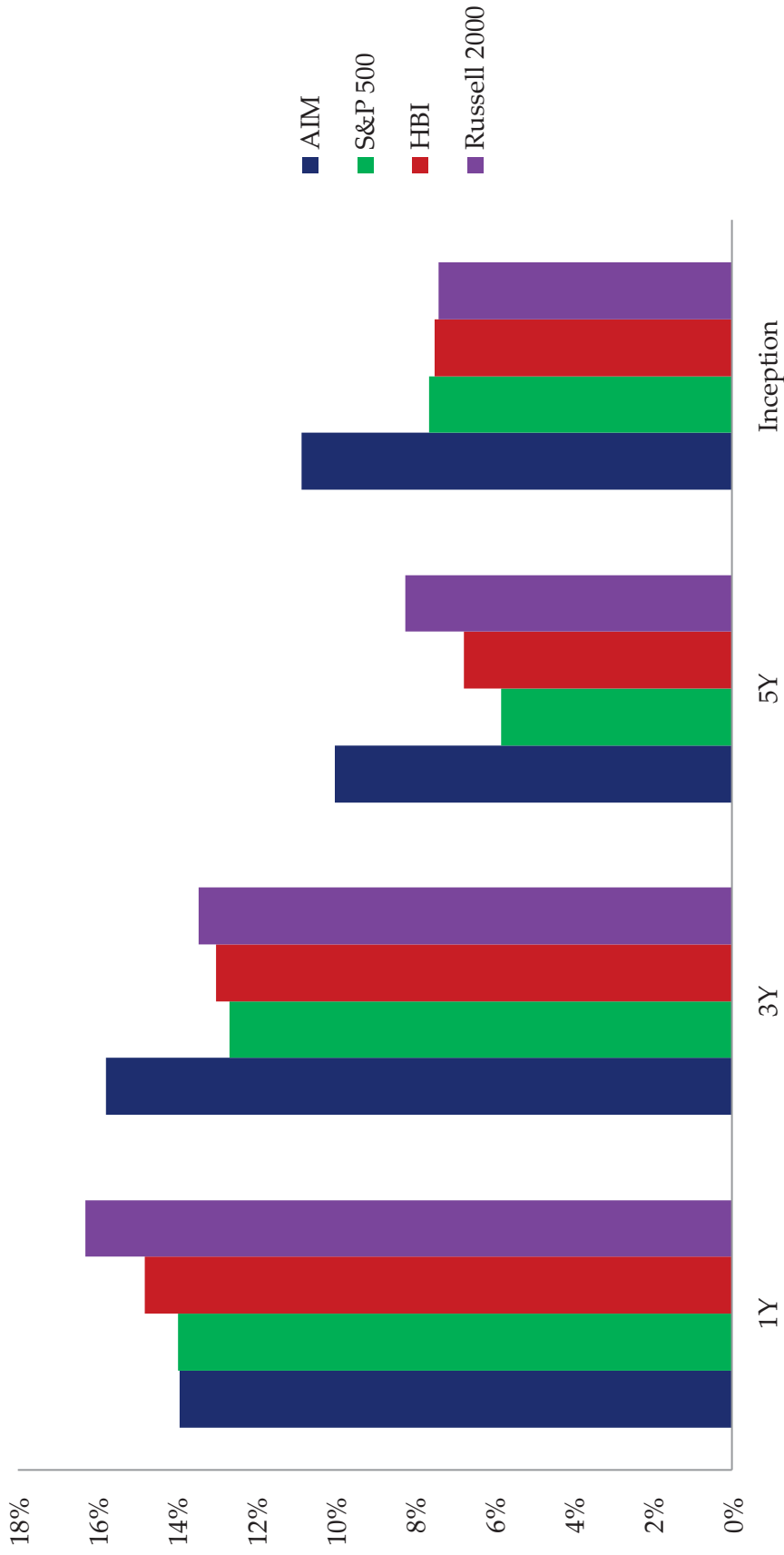
Cumulative Return of \$1



Historical Performance



AIM Portfolio Returns vs. Benchmark Returns (Annualized)



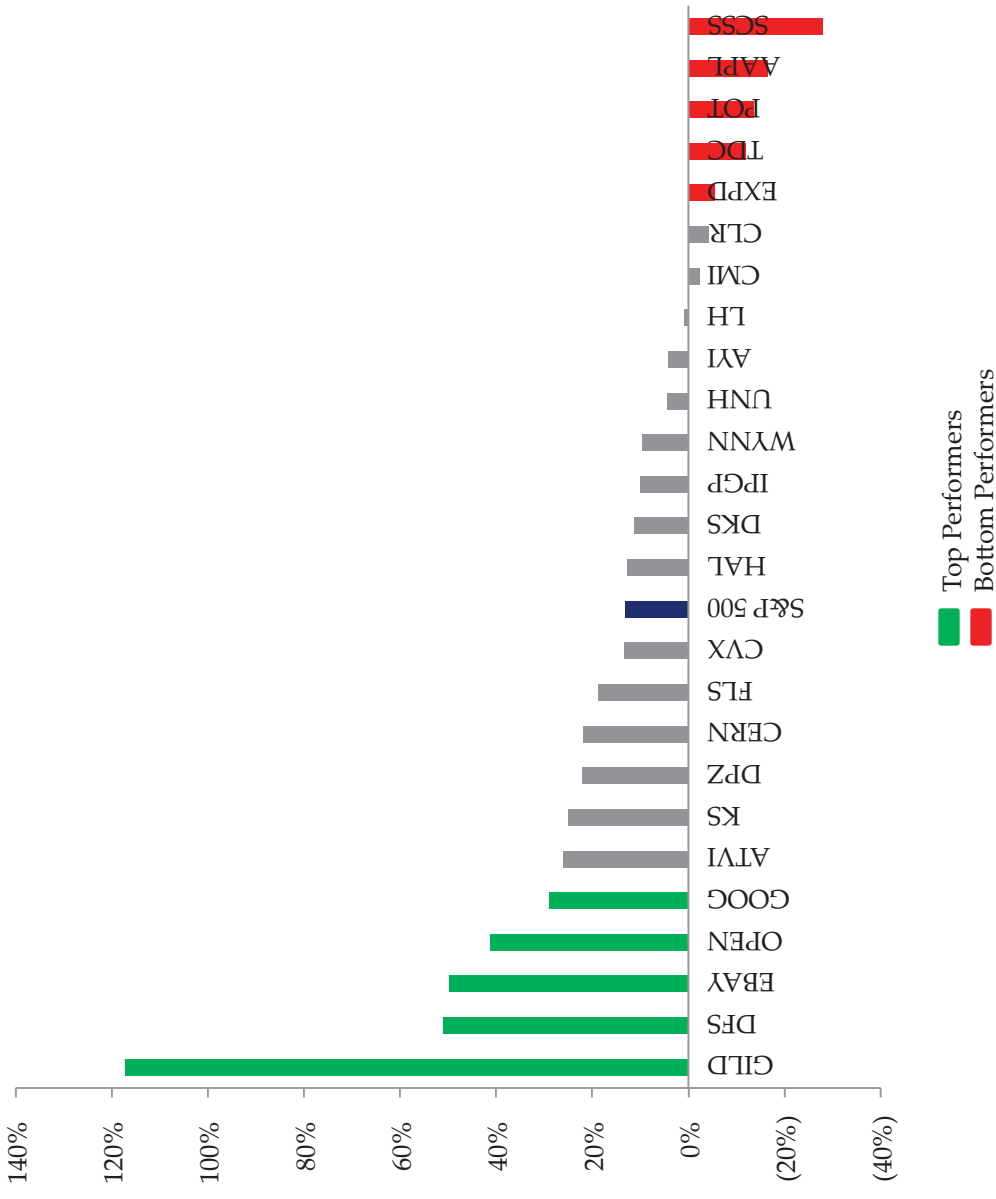
*As of 3/31/2013

Top / Bottom Performers



Top Five Performers	
Gilead Sciences	117.4%
Discover Financial	51.1 %
eBay	49.8%
OpenTable	41.2%
Google	29.0%

Bottom Five Performers	
Select Comfort	(28.0%)
Apple	(16.5%)
Potash	(13.6%)
Teradata	(12.1%)
Expeditors International	(5.5%)



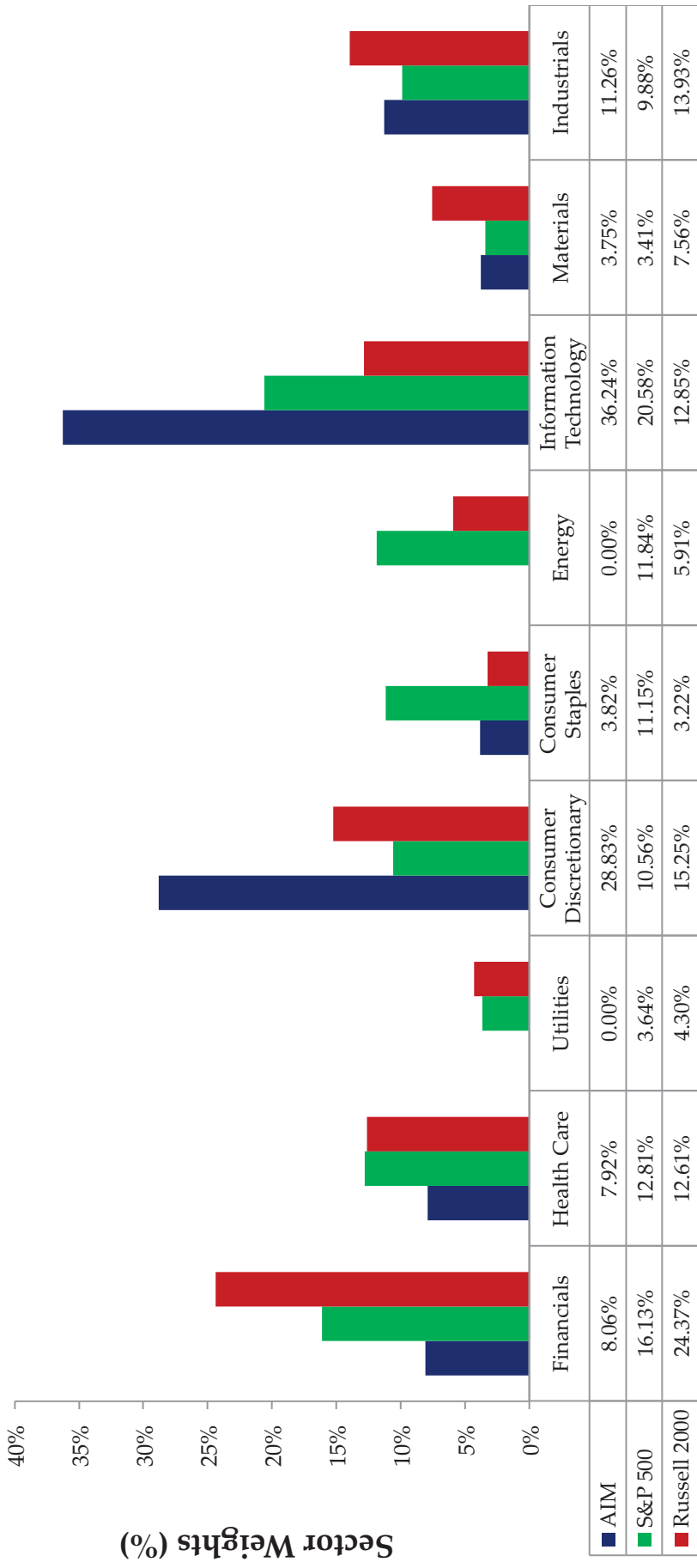
*As of 3/31/2013

Sector Allocation - Current



AIM Sector Weights vs. Benchmarks

■ AIM ■ S&P 500 ■ Russell 2000



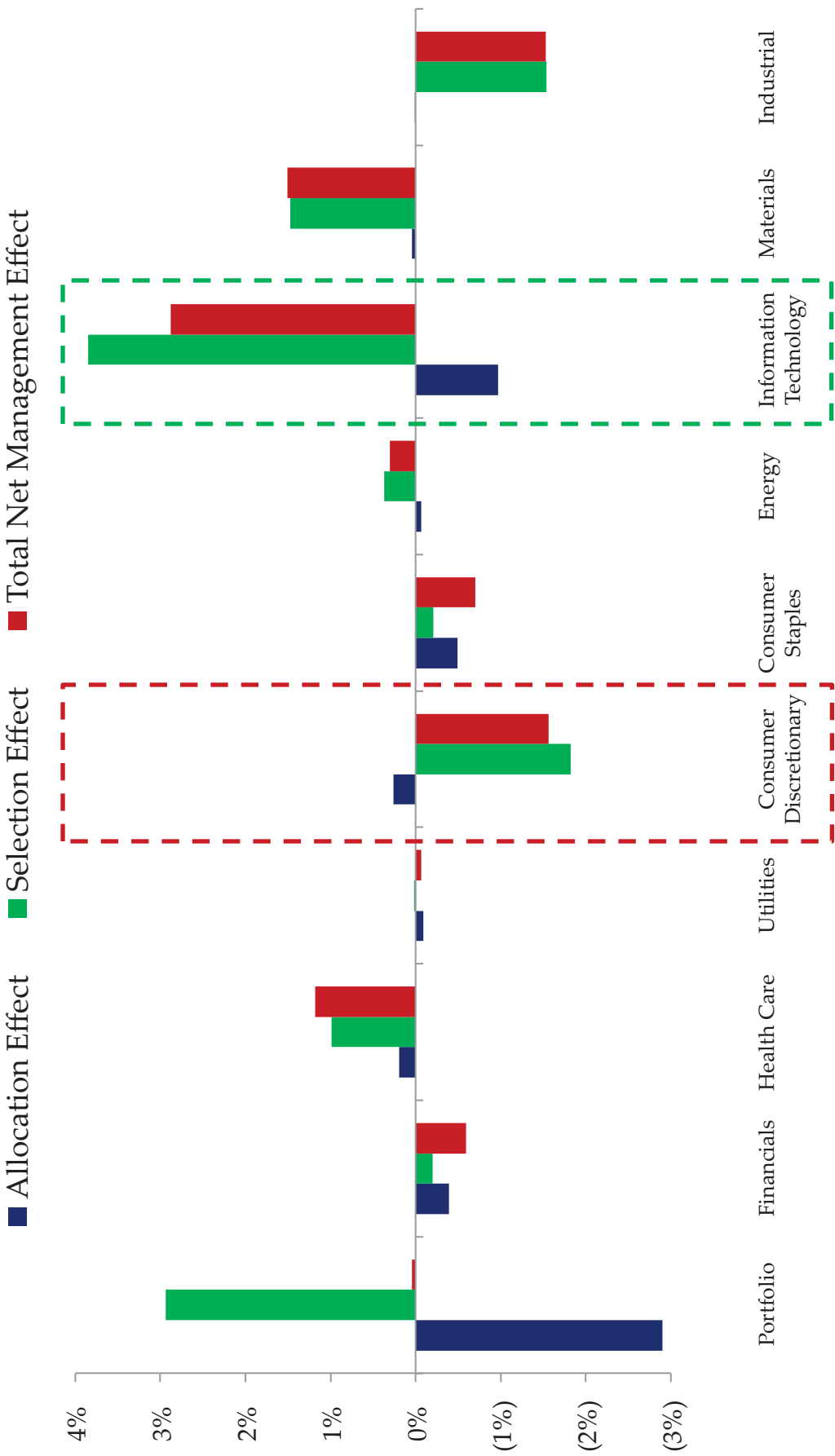
*As of 4/25/2013

Attribution Analysis

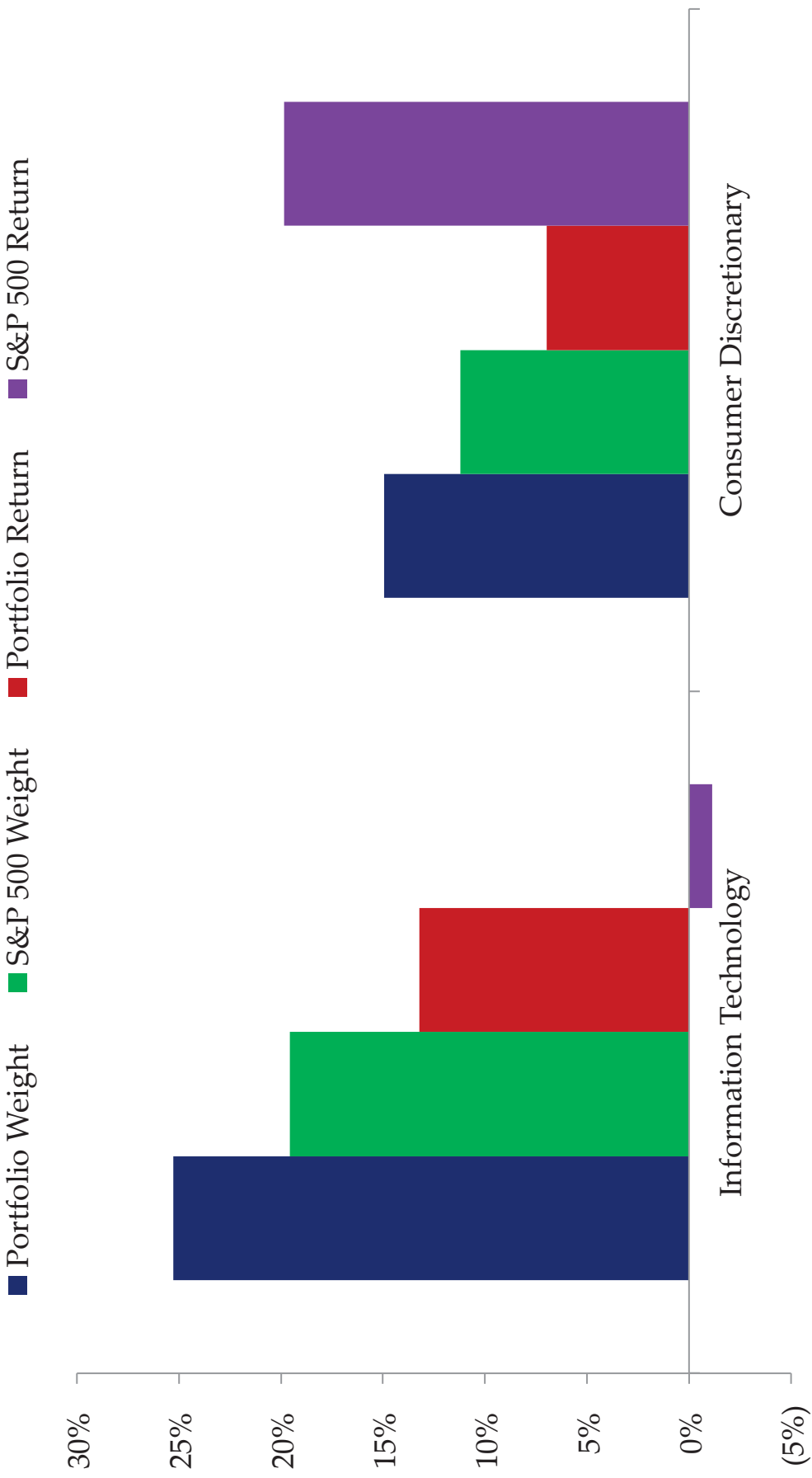


- Allocation = Ability to effectively allocate assets to various sectors
- Selection = Ability to select securities within a sector relative to a benchmark
- Net Management Effect = Allocation + Selection

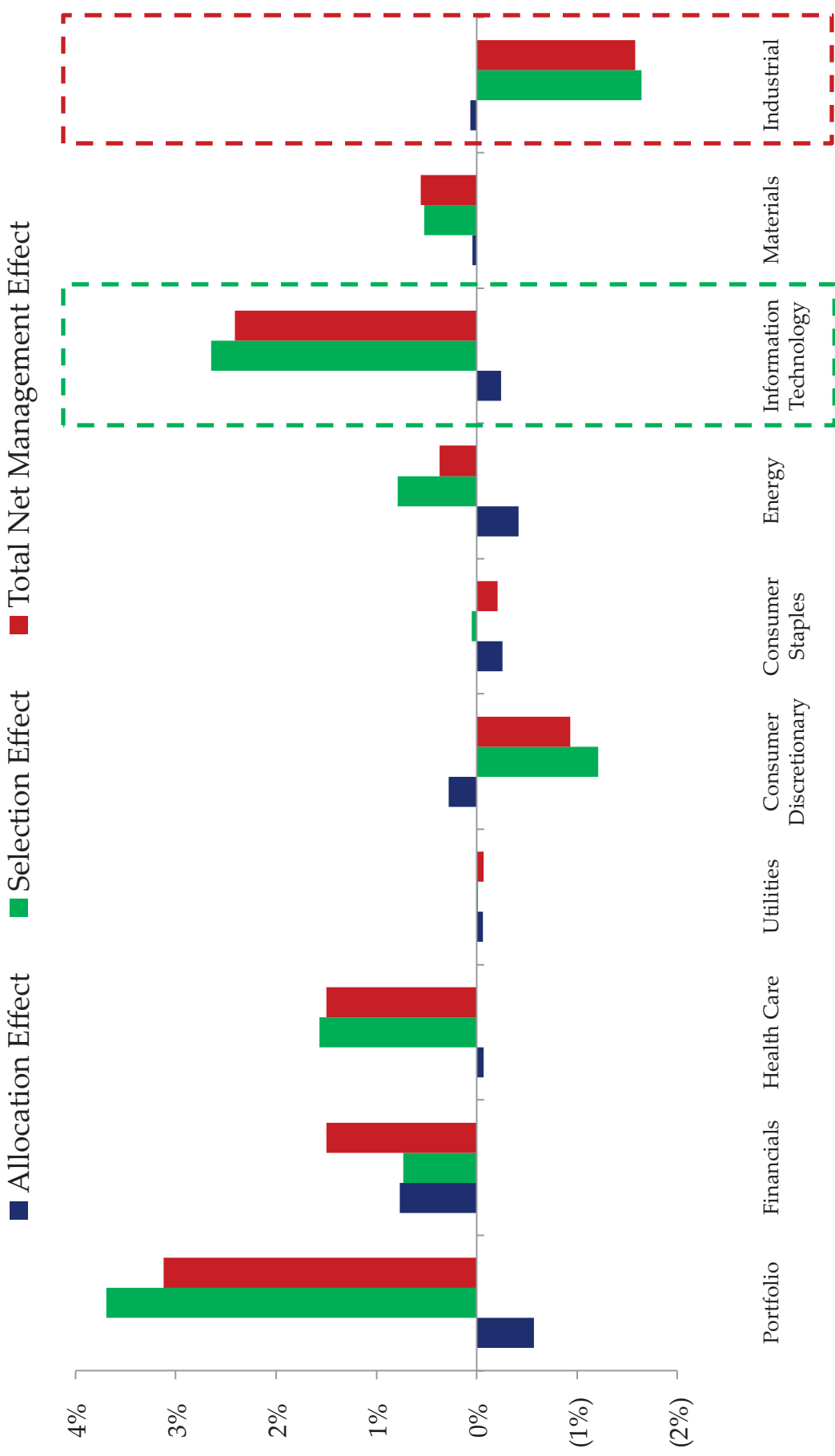
Performance vs. S&P 500 - One Year



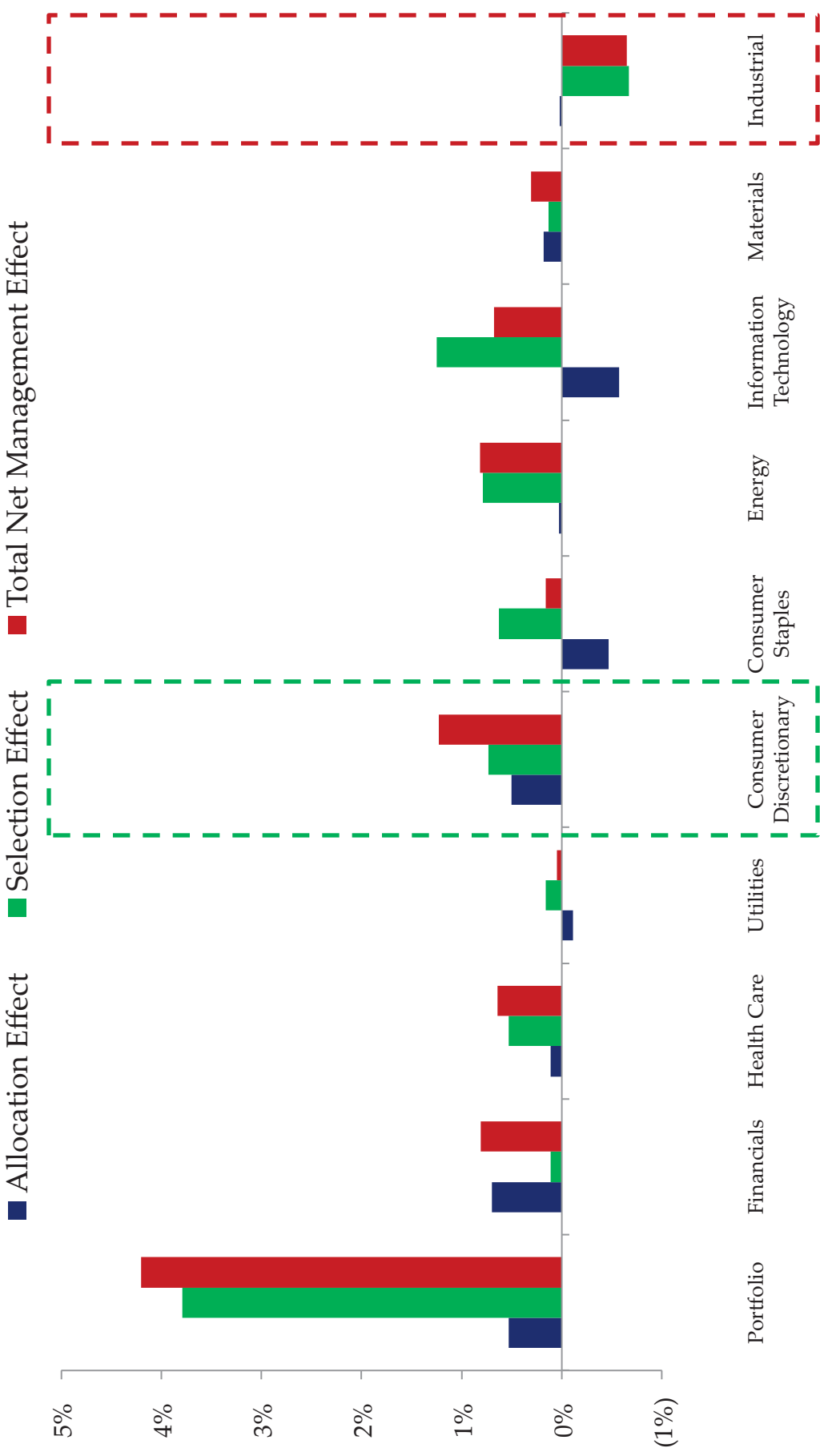
Best/Worst Performing Sector – One Year



Performance vs. S&P 500 - Three Years



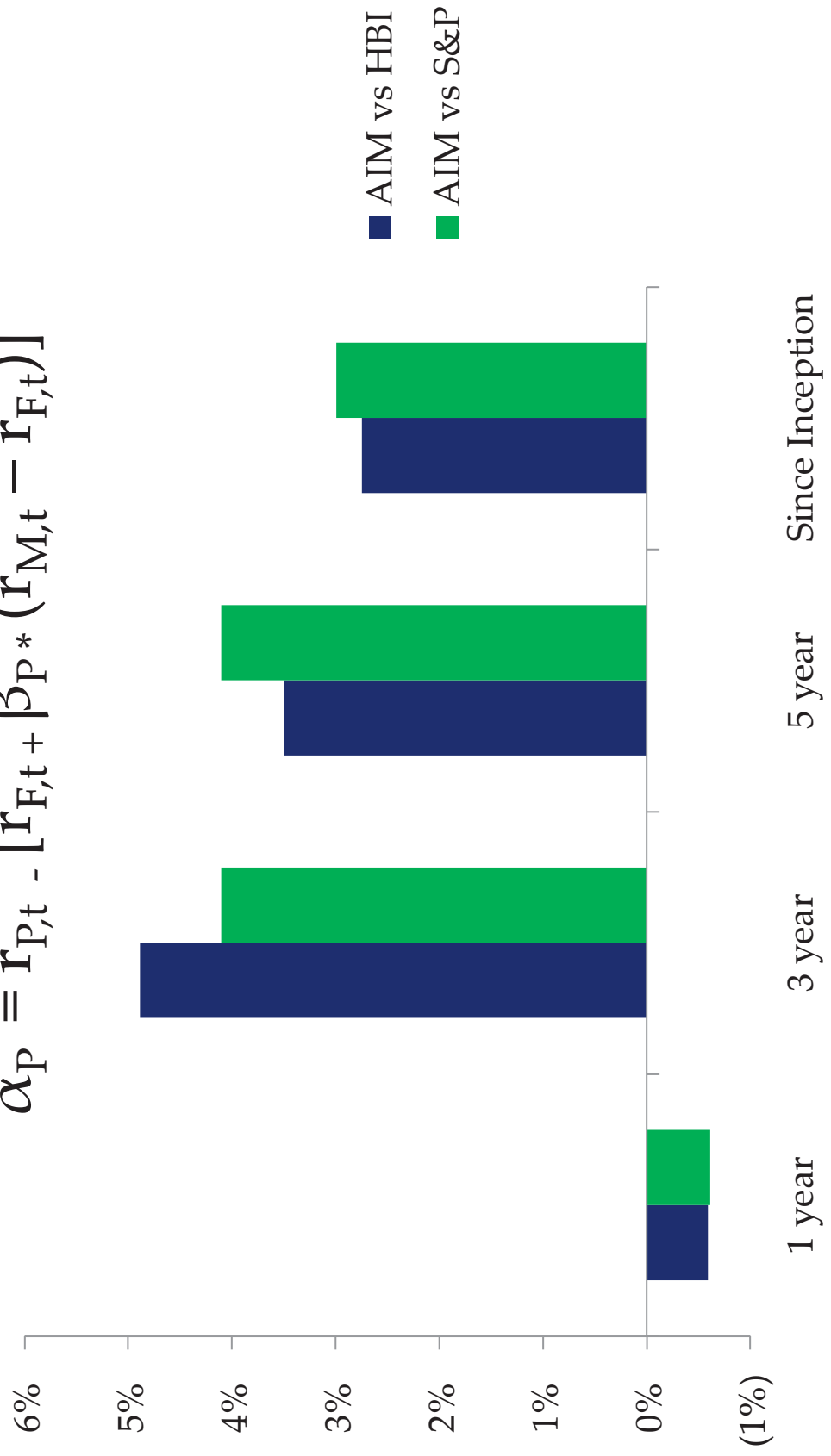
Performance vs. S&P 500 - Five Years



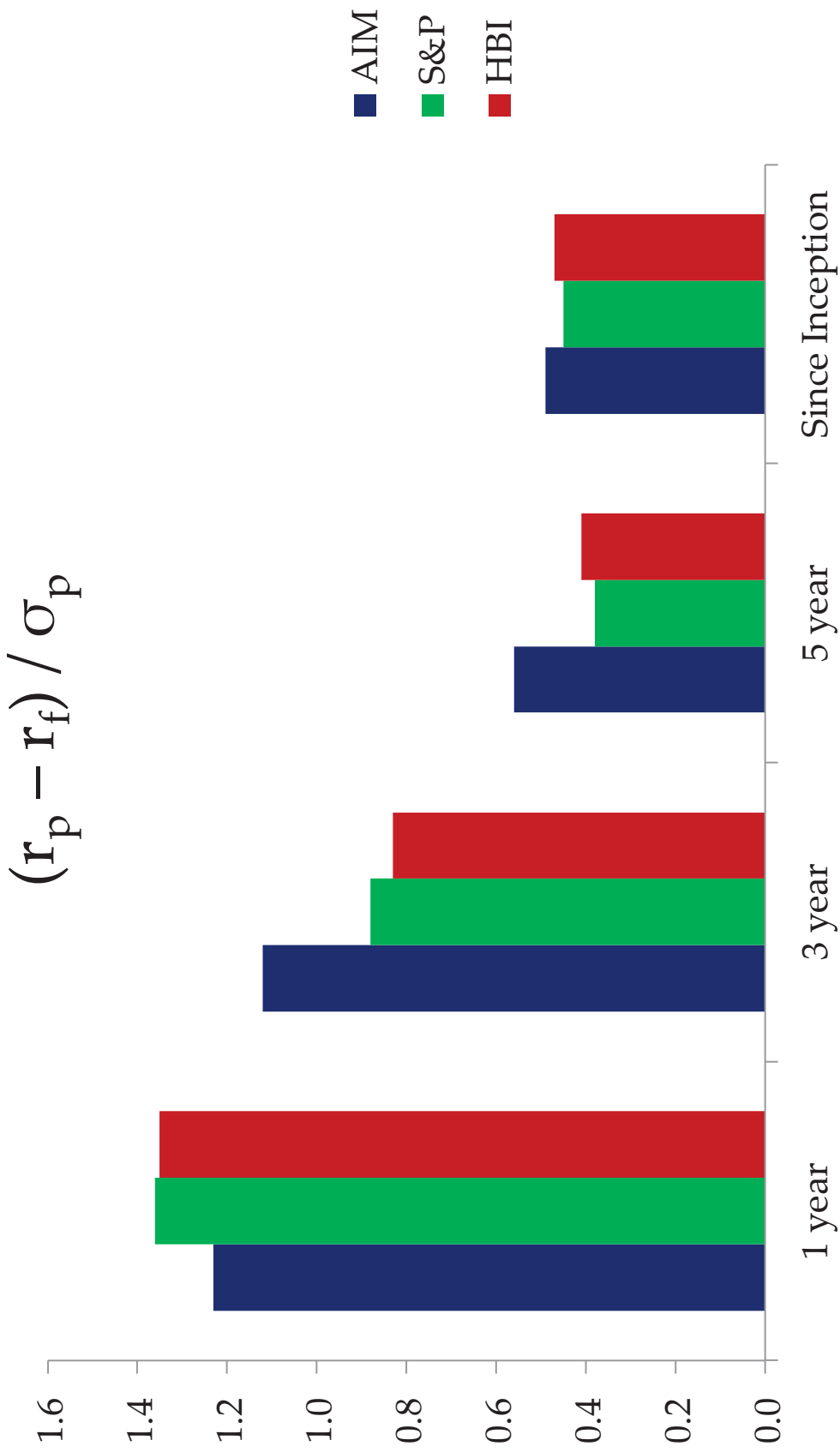
Jensen's Alpha



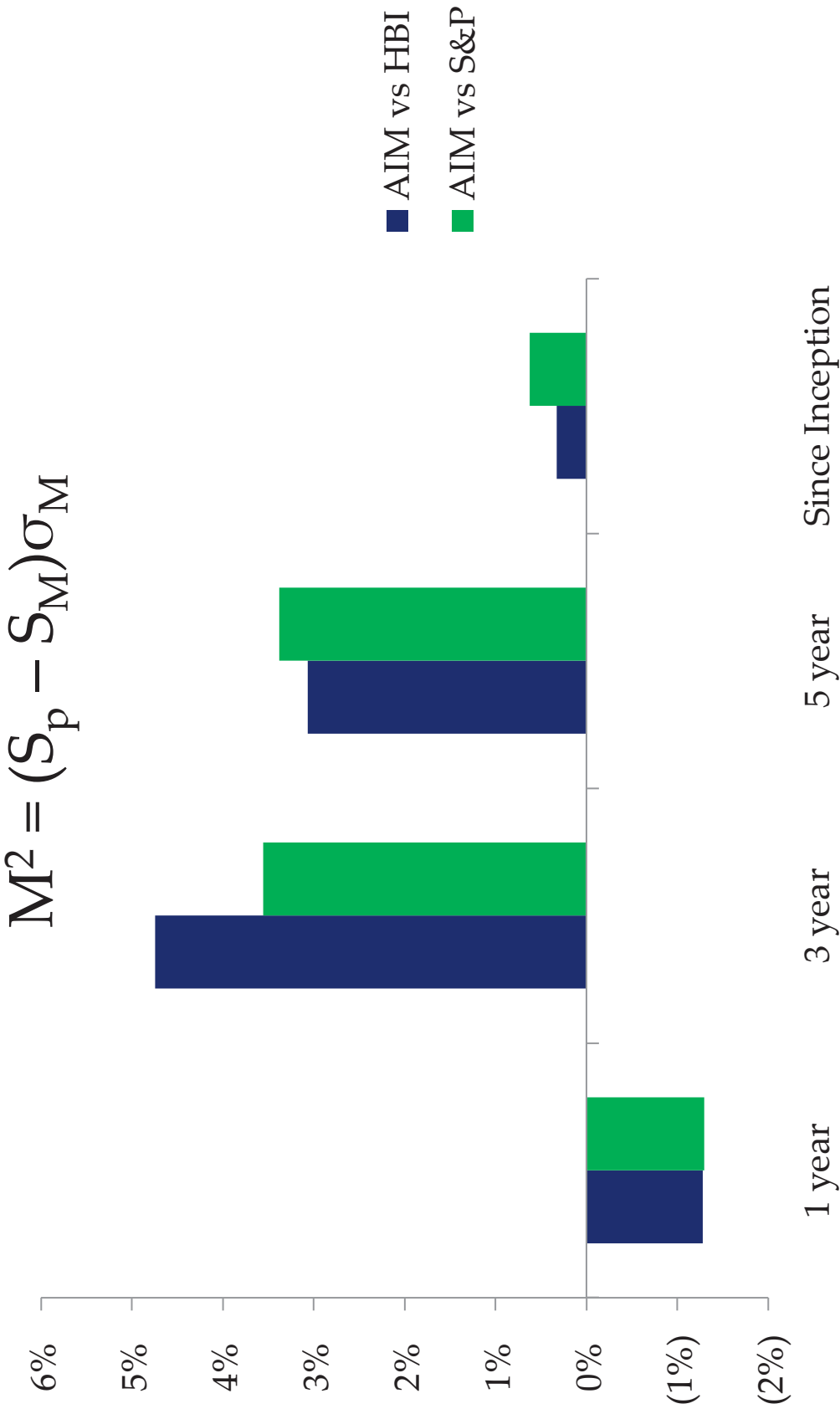
$$\alpha_P = r_{P,t} - [r_{F,t} + \beta_P * (r_{M,t} - r_{F,t})]$$



Sharpe Ratio



M² - Arithmetic



Active Share

- How “Active” is the AIM portfolio? We can only outperform the market if we are different from it
- Developed by Notre Dame Professor Martijn Cremers
- Data on 2,650 funds from 1980 to 2003
- Managers with Active Share above 80% outperformed 1.13% after fees, managers under 60% Active Share underperformed by 1.42% after fees

- $\text{Portfolio} = (\text{Index}) + (\text{Portfolio} - \text{Index})$



Active Share

$$\text{Active Share} = \frac{1}{2} \sum_{i=1}^N |w_{fund,i} - w_{benchmark,i}|$$

- Scores between 0 and 100%
- AIM portfolio score is 91.5%, implies an 8.5% overlap with the S&P 500
- Closest index position is Apple
- Equal weighting, limited number of equities in our portfolio contributes to a higher score
- Excellent metric to help understand portfolio performance, but still needs additional context

Active Share

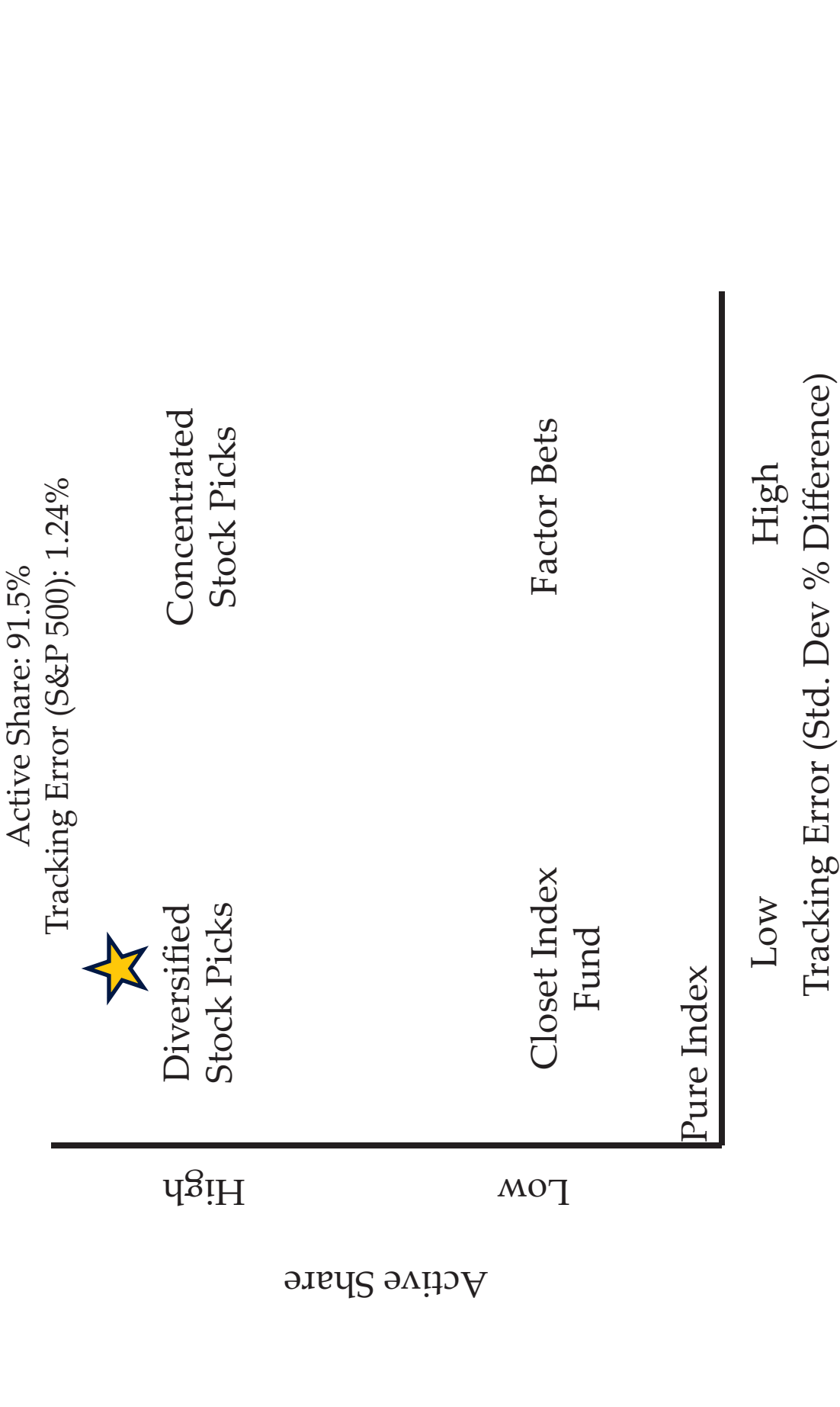


How many AIM stocks are in the S&P 500?

Currently 15 of our 25 positions:

- Apple
- Cummins
- Expeditors Intl
- Gilead
- Google
- Teradata
- United Health
- Wynn
- Apollo Group
- Coach
- ConAgra
- Corning
- Delphi Auto
- Intel
- Microsoft

Active Share

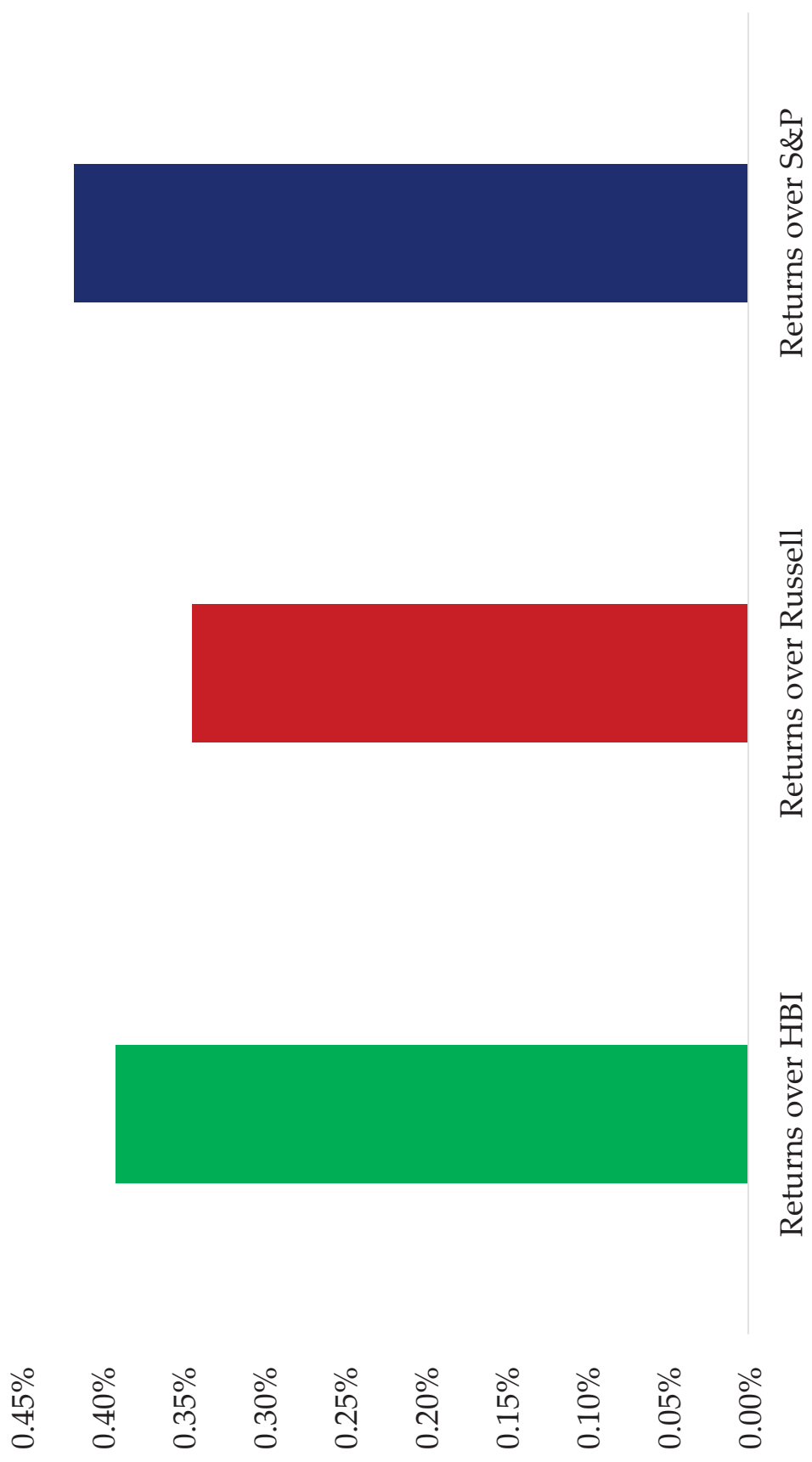


Bull/Bear Performance Analysis

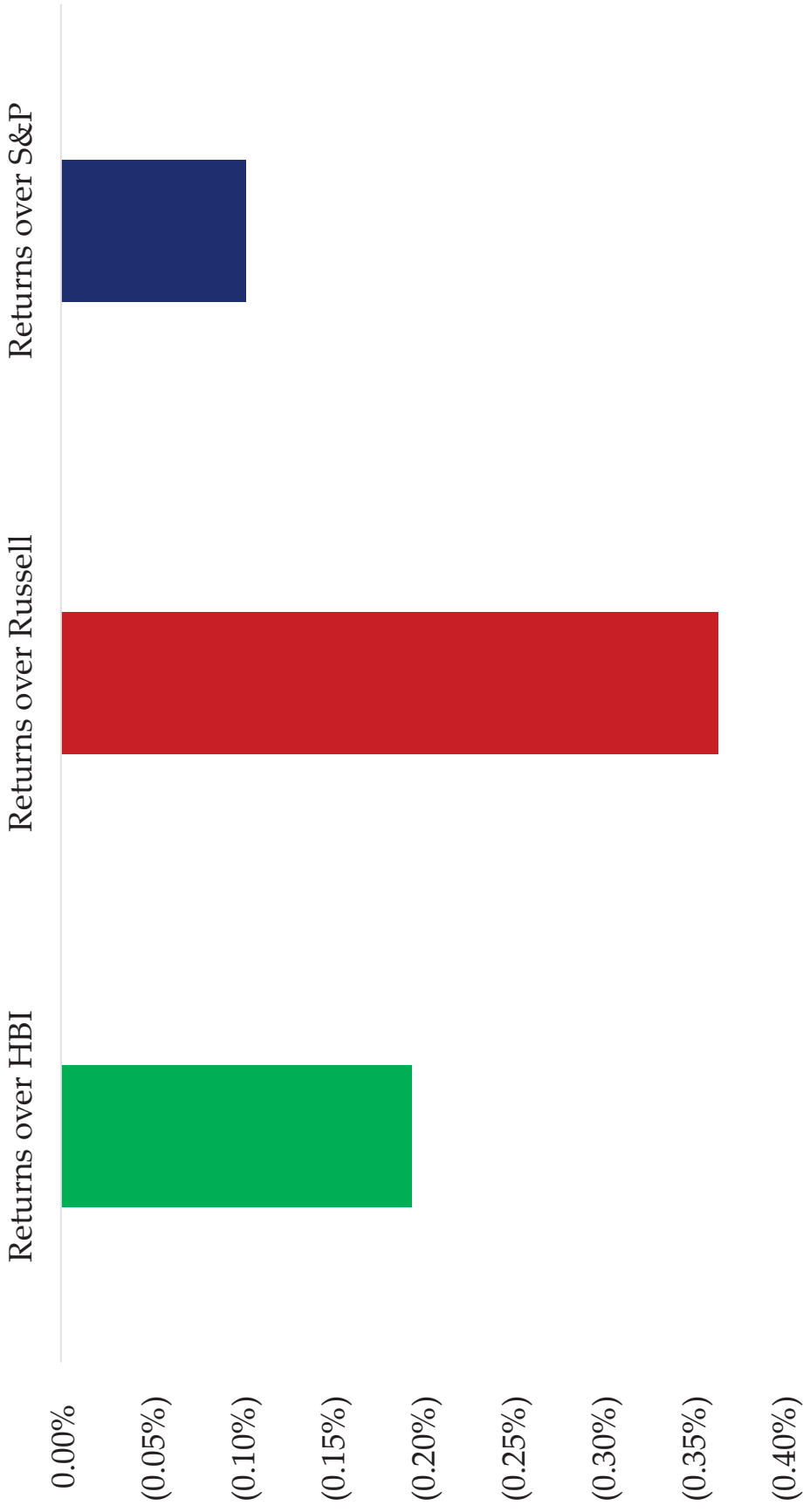


- Analysis of AIM's performance in strong Bull & Bear Markets
- Bank of America / Merrill Lynch Global Research
 - Bull markets of 20% move without subsequent 20% correction
 - Bear markets of 20% move without subsequent 20% rally
- Key takeaway is how does AIM perform relative to its benchmarks in those periods
 - AIM's goal is outperformance
 - Stock picking strategy may lead to positive returns in bull markets that are marginalized by underperformance in bear markets

Average Excess Returns in Bull Markets



Average Excess Returns in Bear Markets



Bull/Bear Takeaways



- Aggressive stock-picking strategy has led to outperformance in bull markets, but underperformance in bear markets
- Magnitude of bull outperformance greater than that of bear underperformance
 - Exception: Russell 2000
- Further analysis could be useful
 - Examination of particular time periods

Portfolio Turnover



BUY

- Apollo Group (APOL)
- Bank of Internet (BOFI)
- Cinemark (CNK)
- Coach (COH)
- ConAgra Foods (CAG)
- Corning (GLW)
- Delphi Automotive (DLPH)
- DiamondRock Hospitality (DRH)
- Intel (INTC)
- InterActiveCorp (IACI)
- Joseph A. Bank (JOSB)
- Microsoft (MSFT)
- Titan Machinery (TITN)
- ProShares Ultra Short Japan (EWV)
- iShares MSCI Mexico CIMI (EWW)

SELL

- Acuity Brands (AYI)
- Cerner (CERN)
- Chevron (CVX)
- Continental Resources (CLR)
- Dick's Sporting Goods (DKS)
- Discover (DFS)
- Domino's Pizza (DPZ)
- eBay (EBAY)
- Flowserve (FLS)
- Halliburton (HAL)
- KapStone Paper (KS)
- LabCorp (LH)
- OpenTable (OPEN)

Portfolio Turnover (Cont.)

HOLD

- Apple (AAPL)
- Activision Blizzard (ATVI)
- Cummins (CMI)
- Expeditors International (EXPD)
- Gilead Sciences (GILD)
- Google (GOOG)
- IPG Photonics (IPGP)
- Potash (POT)
- Select Comfort (SCSS)
- Teradata (TDC)
- UnitedHealth (UNH)
- Wynn Resorts (WYNN)

Portfolio Purchases



Company	Ticker	Purchase Price 4/22/13	Intrinsic Value	Upside
Apollo Group	APOL	\$17.41	\$30.58	75.6%
Bank of Internet	BOFI	\$37.69	\$40.06	6.3%
ConAgra Foods	CAG	\$36.10	\$43.29	19.9%
Cinemark	CNK	\$29.11	\$30.00	3.1%
Coach	COH	\$51.26	\$68.12	32.9%
Delphi Automotive	DLPH	\$41.99	\$44.76	6.6%
DiamondRock Hospitality	DRH	\$9.45	\$11.34	20.0%
Corning	GLW	\$12.85	\$16.94	31.8%
InterActiveCorp	IACI	\$43.96	\$58.37	32.8%
Intel	INTC	\$22.50	\$22.66	0.7%
Joseph A. Bank	JOSB	\$40.98	\$43.11	5.2%
Microsoft	MSFT	\$30.29	\$36.15	19.3%
Titan Machinery	TTTN	\$21.79	\$31.65	45.3%

Final Portfolio (4/22/13)



Stock	Ticker	Weight	Market Value	Stock	Ticker	Weight	Market Value
Activision Blizzard	ATVI	4.2%	\$312,612	Intel*	INTC	4.0%	\$294,750
Apollo Group*	APOL	3.9%	\$289,006	InterActiveCorp*	IACI	3.9%	\$290,136
Apple	AAPL	4.3%	\$314,400	IPG Photonics	IPGP	3.9%	\$284,878
Bank of Internet*	BOFI	4.1%	\$301,520	Joseph A. Bank*	JOSB	4.0%	\$295,056
Cinemark*	CNK	4.0%	\$294,011	Microsoft*	MSFT	4.2%	\$305,929
Coach*	COH	4.0%	\$292,182	Potash	POT	3.6%	\$266,140
ConAgra Foods*	CAG	4.0%	\$296,020	Select Comfort	SCSS	3.8%	\$281,850
Corning*	GLW	3.9%	\$286,555	Teradata	TDC	3.4%	\$252,800
Cummins	CMI	4.0%	\$291,627	Titan Machinery*	TITN	3.9%	\$289,807
Delphi Automotive*	DLPH	4.1%	\$298,129	UnitedHealth	UNH	4.0%	\$297,744
DiamondRock Hospitality*	DRH	3.9%	\$288,225	Wynn Resorts	WYNN	4.2%	\$310,825
Expeditors International	EXPD	3.5%	\$260,628	Proshr UltShrt MSCI Japan*	EWV	0.1%	\$5,245
Gilead Sciences	GILD	4.4%	\$322,028	iShares MSCI Mexico*	EWW	0.1%	\$5,081
Google	GOOG	4.3%	\$313,024	Cash		0.3%	\$19,426
				TOTAL			\$7,359,634

*denotes new position



General Information

- Guest Speakers
- Chicago Trip
- Newsletter
- AIM Website
- Extracurricular

Guest Speakers



Edward R. Trubac

Professor Emeritus
Department of Finance
University of Notre Dame



Scott C. Malpass

Vice President & Chief Investment Officer
Investment Office
University of Notre Dame



Chicago Trip

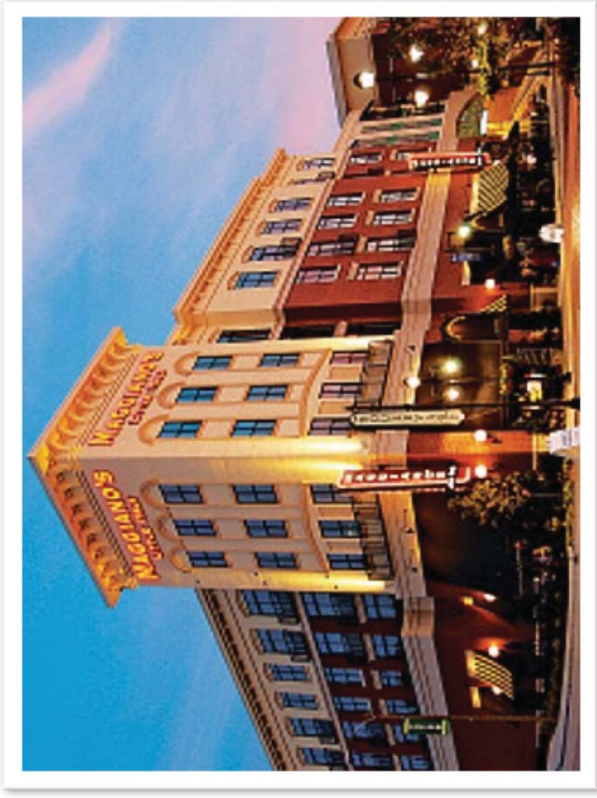
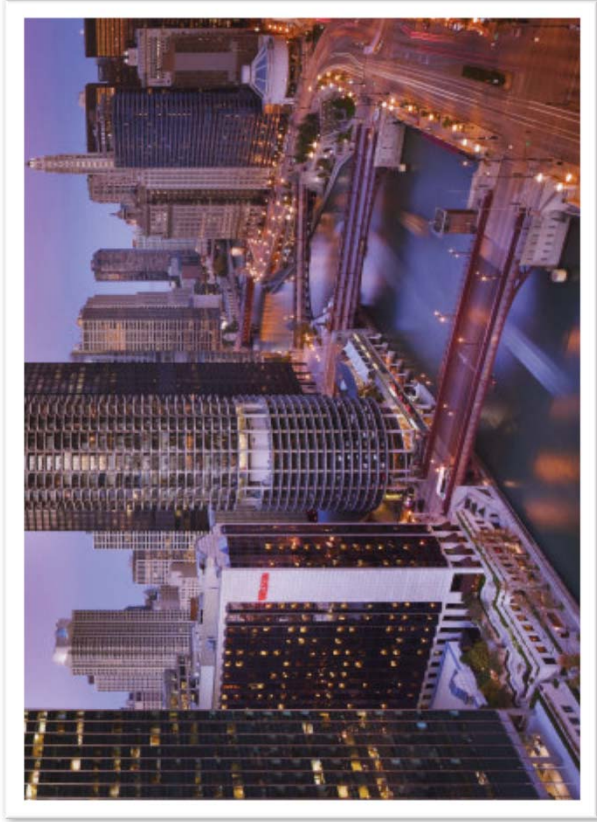


Overview

Opportunity to learn from professionals
March 21-22
Westin, Downtown Chicago

Alumni Dinner

Networking event with former AIM Alumni
Maggiano's Little Italy



Chicago Trip



Scott Meadow

Associate Partner
The Edgewater Funds



Dan Nettesheim

Chief Executive Officer
Barcodes Inc.



Chicago Trip



Dan Reynolds

Managing Director
LaSalle Investment Management



Mat Klody

Founder/Portfolio Manager
MCN Capital



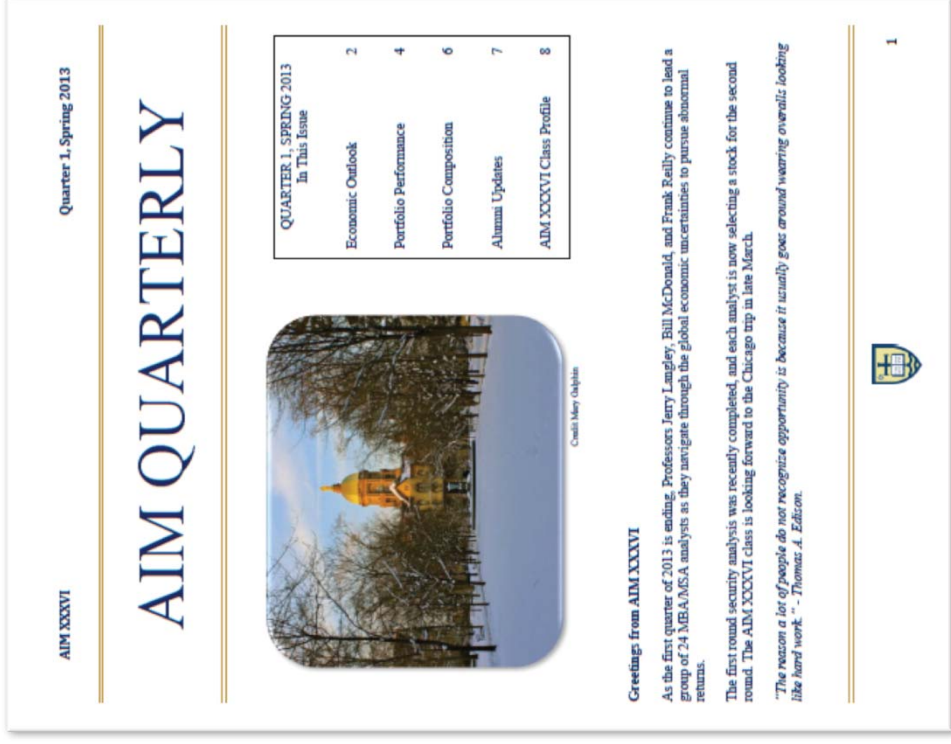
Communication



Newsletter

Objective:

- Alumni News
- Portfolio Performance
- Economic Outlook



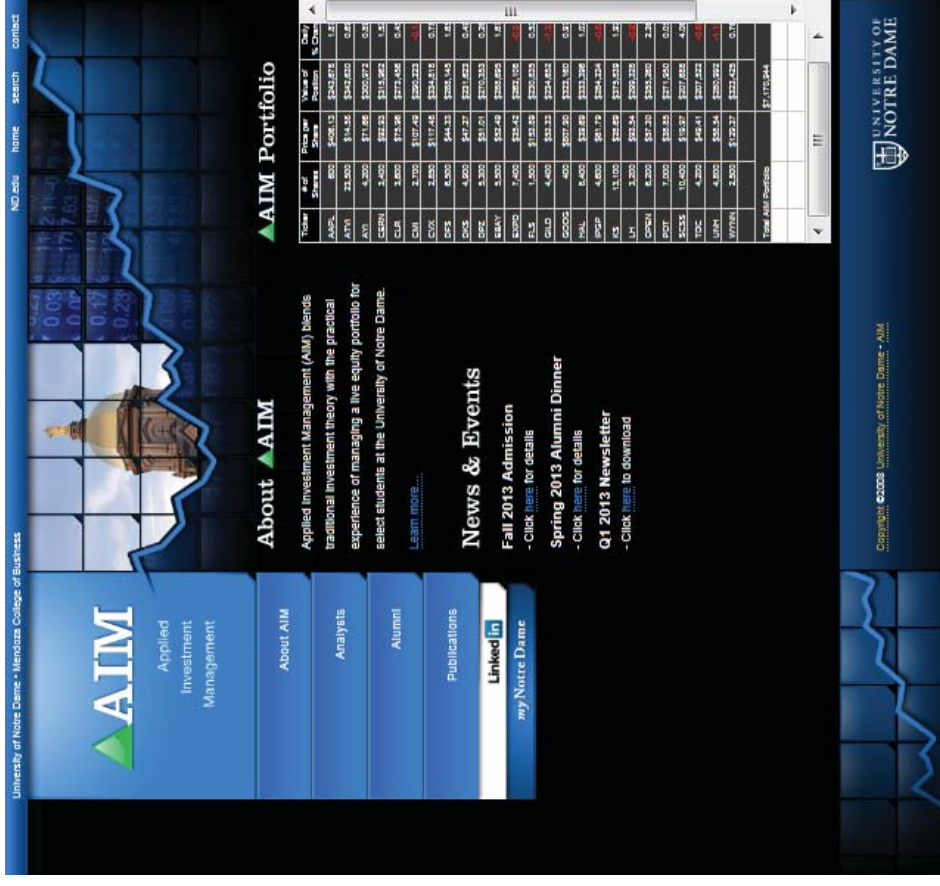
Communication



Website

www.aim.nd.edu

- Course Overview
- News and Events
- Analysts
- Portfolio Performance
- Publications
- Alumni Networking
 - Career Opportunities
 - Upcoming Events
- Social Media
 - LinkedIn



Extracurricular



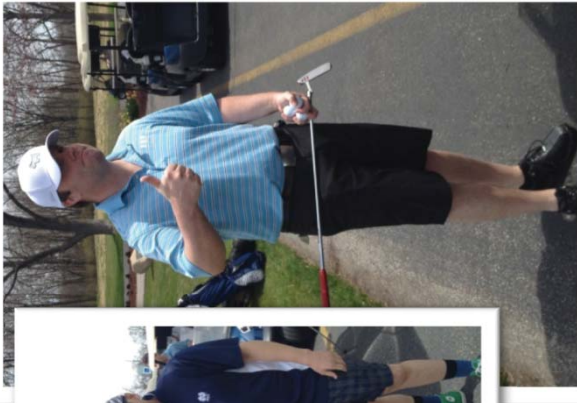
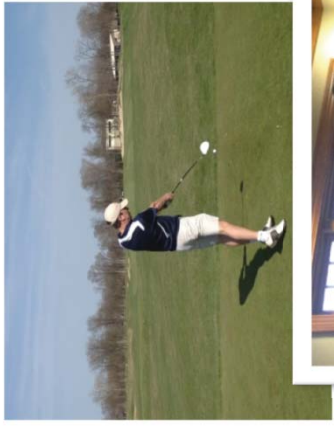
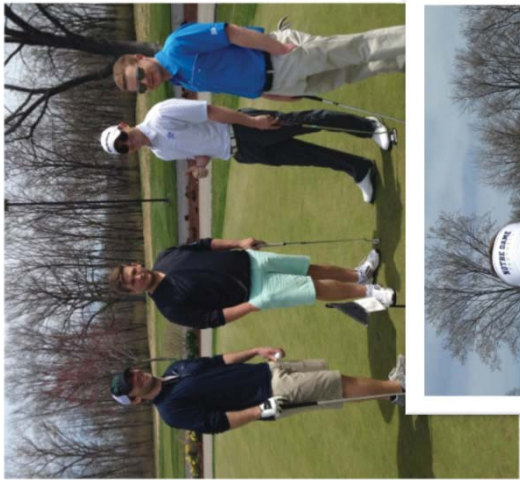
Networking



Extracurricular



Golf Scramble



Closing

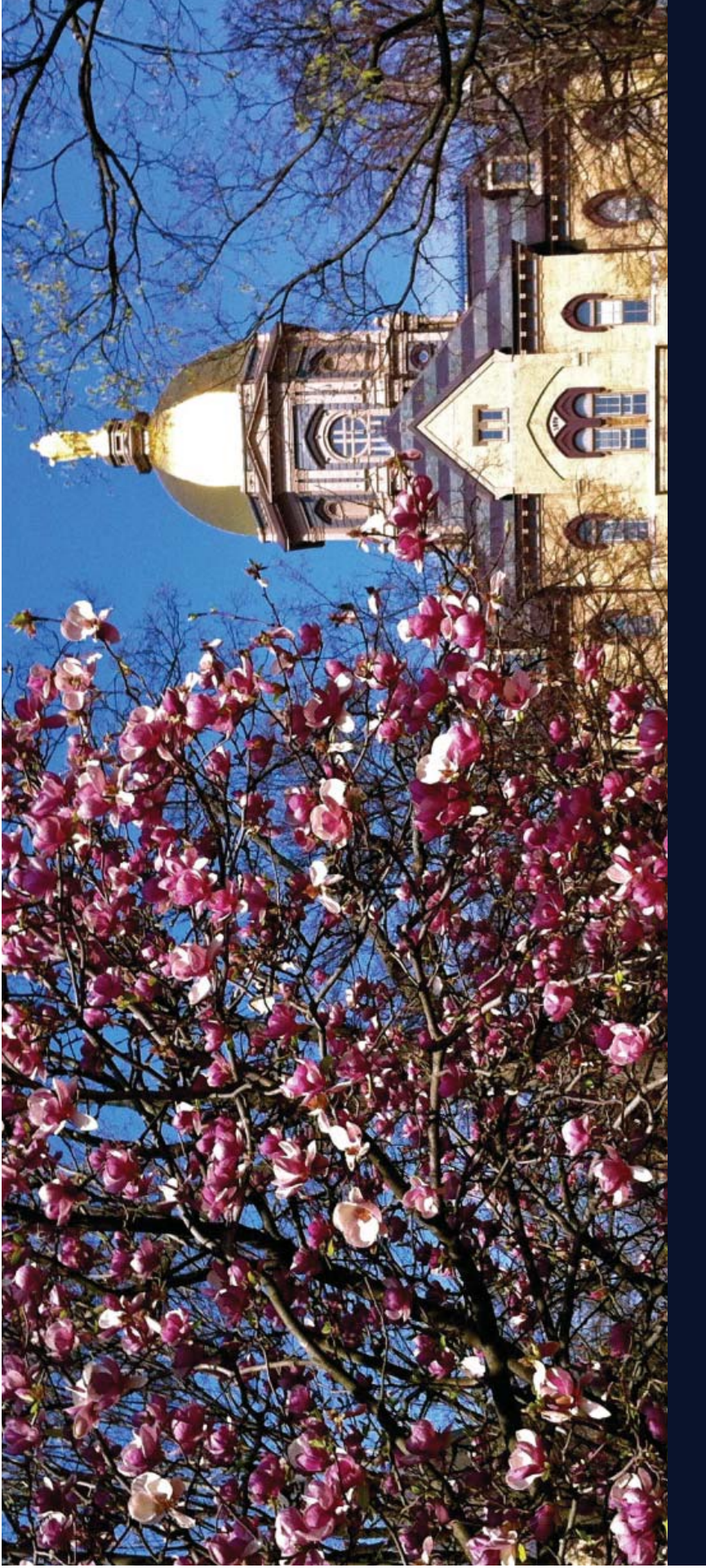


AIM XXXVI would like to thank:

- The Advisory Board
- Scott Malpass and the Notre Dame Investment Office
- Professors Langley, McDonald, Reilly, and Trubac
- Rachel Karnafel

Post-Presentation Agenda

- Advisory Board panel discussion



AIM XXXVI

