



Advisory Board Presentation

AIM XXXVIII
Spring 2014





AIM XXXVIII Analysts

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DiamondRock Hospitality, Fabrinet*

Andrew DePalma

*Ellicott City, Maryland
Teradata, Under Armour*

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*Amman, Jordan
Dollar Tree, Stratasys*

Jason Guindon

*Escanaba, Michigan
Cabot Oil & Gas, US Bancorp*

Daniel Leonard

*Glen Ellyn, Illinois
Cott Corporation, Deere & Co.*

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*Mumbai, India
Expeditors International, Tesla*

Aaron Backman

*Consul, Saskatchewan
Rockwell Automation, Monsanto*

Matthew Dolgin

*Buffalo Grove, Illinois
Gilead Sciences, Verifone*

Luke Friedman

*Geneva, Illinois
Select Comfort, Live Nation*

Brent Kitts

*Portland, Oregon
IPG Photonics, Check Point*

Thomas Maguire

*Miami, Florida
Corning, Baker Hughes Inc.*

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*Knoxville, Tennessee
UnitedHealth Group, Danaher*

Patrick Wolohan

*Saginaw, Michigan
InterActiveCorp, Lionsgate*

Jessica Bonanno

*Orlando, Florida
Covanta, Hain Celestial*

Conor Douglass

*Glen Ellyn, Illinois
Google, Salesforce.com*

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*Indore, India
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Apache Corporation, Schlumberger*

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Activision Blizzard, Whole Foods*

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Cummins, Calumet Specialty Products*

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*Ji'an, China
Pixelworks, InvenSense*

Brennan Clark

*South Hadley, Massachusetts
Apple, WWE*

Carlos Farah

*Guadalajara, Mexico
Intel, Amazon*

Michael Gerbasich

*South Bend, Indiana
Delphi, Motorola Solutions*

Thomas Laughner

*Indianapolis, Indiana
Jos A. Bank, Kinder Morgan*

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*Omaha, Nebraska
Microsoft, Union Pacific*

Peter Vignali

*Clifton Park, New York
PotashCorp, 3D Systems*



Agenda

Objectives & Guidelines

Economic Environment

Security Analysis

Portfolio Performance

2014 Highlights

Conclusion



Objectives & Guidelines

AIM Overview

Analyst Responsibilities

Group Responsibilities

Philosophy and Policy

Market Capitalization

Ethics



AIM Overview

- Program objectives
 - Provide a thorough grounding in the process of portfolio management
 - Emphasize the link between the theoretical and practical aspects of the money management process
- Analyst selection
 - AIM is comprised of 25-30 analysts handpicked from a competitive applicant pool



Analyst Responsibilities

- Stock selection
 - First round: analysts are assigned a stock from the existing portfolio
 - Second round: analysts select a stock as a potential addition to the AIM portfolio
- Bottom-up selection
 - Determine intrinsic valuation
- Top-down conversation
 - Develop macroeconomic outlook
 - Review industry verticals
 - Discuss current events



Group Responsibilities

- Economic Analysis
 - Analysis of recent events and trends
 - Impact on portfolio
- Industry/Sector Analysis
 - Industry/sector overview
 - Outlook and recent trends
- Portfolio Performance Analysis
 - Performance benchmark comparisons
 - Attribution analysis
- Trading Execution
 - Coordinate trading activities
 - Work with Investment Office



Investment Philosophy

- Outperform the S&P 500 while maintaining purchasing power of the principal
- Other benchmarks
 - Russell 2000 (small cap)
 - HBI (65% S&P 500, 35% Russell 2000)
- Bottom-up stock selection process
- Risk is not actively managed



Investment Constraints

- Liquidity
- Time horizon
- Laws and regulations
- Tax considerations



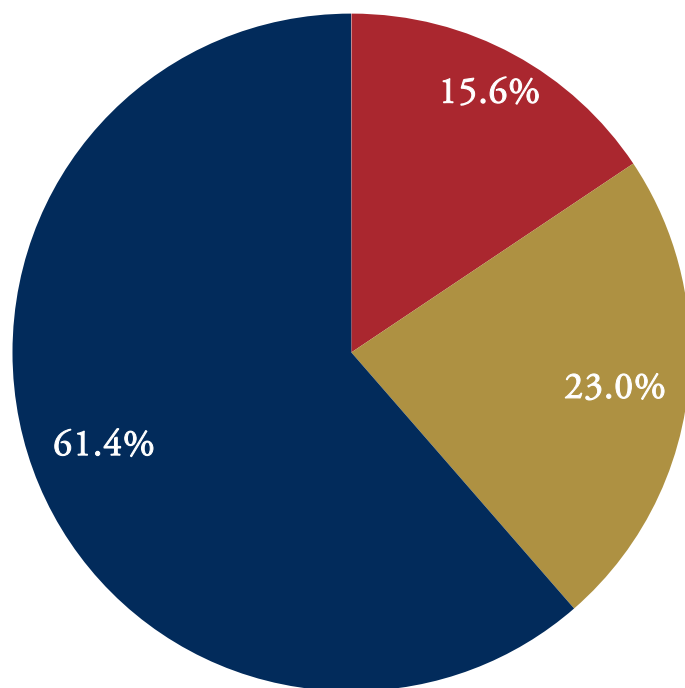
Investment Guidelines

- Common equities traded on 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%
- 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



Market Capitalization

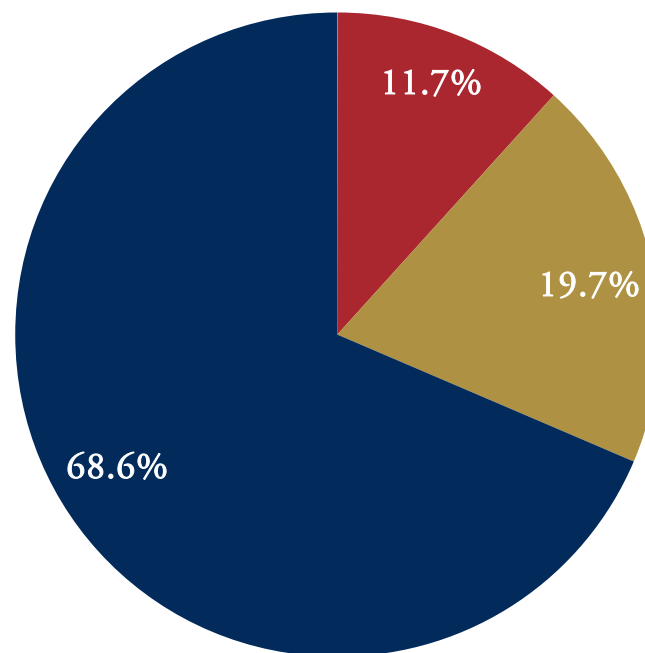
AIM XXXVII Portfolio Composition*



■ Small Cap ■ Mid Cap ■ Large Cap

*As of final trades 11/25/2013

AIM XXXVIII Portfolio Composition**



■ Small Cap ■ Mid Cap ■ Large Cap

**As of final trades 4/23/2014



Ethics Policies

- Portfolio will not invest in stocks of companies in the following lines of business:
 - Abortifacients
 - Birth Control
 - Tobacco
 - Any company whose values are not consistent with those of the University of Notre Dame



Economic Environment

GDP Overview

Consumer Spending

Housing Sector

Labor

Business Investment

Net Exports

Monetary and Fiscal Policy



Overall Environment

Conflicting sentiment surrounding future growth

- GDP projections revised lower due to unexpected weakness in Q1 economic activity
- FOMC has recently backed off quantitative goals regarding unemployment
- Potential regulatory changes set to impact business spending

GDP Growth	2014	2015	2016	Longer Run
December 2013 Projection	2.8-3.2%	3.0-3.4%	2.5-3.2%	2.2-2.4%
March 2014 Projection	2.8-3.0%	3.0-3.2%	2.5-3.0%	2.2-2.3%

- Above long run average growth through 2016 will be supported by:
 - Increase in consumer and business confidence
 - Need for business investment spending
 - Improving financial conditions and credit availability
 - Foreign economic recovery



Overall Environment

Current conditions and forecast

- General economic activity increasing in all but two Federal Reserve districts (St. Louis and Cleveland) and outlook in most sectors is optimistic:
 - Retail sales and foot traffic rebound
 - Transportation strengthening
 - Manufacturing re-gaining momentum
 - Multifamily construction continues at strong rates
 - Consumer and commercial loan demand increasing



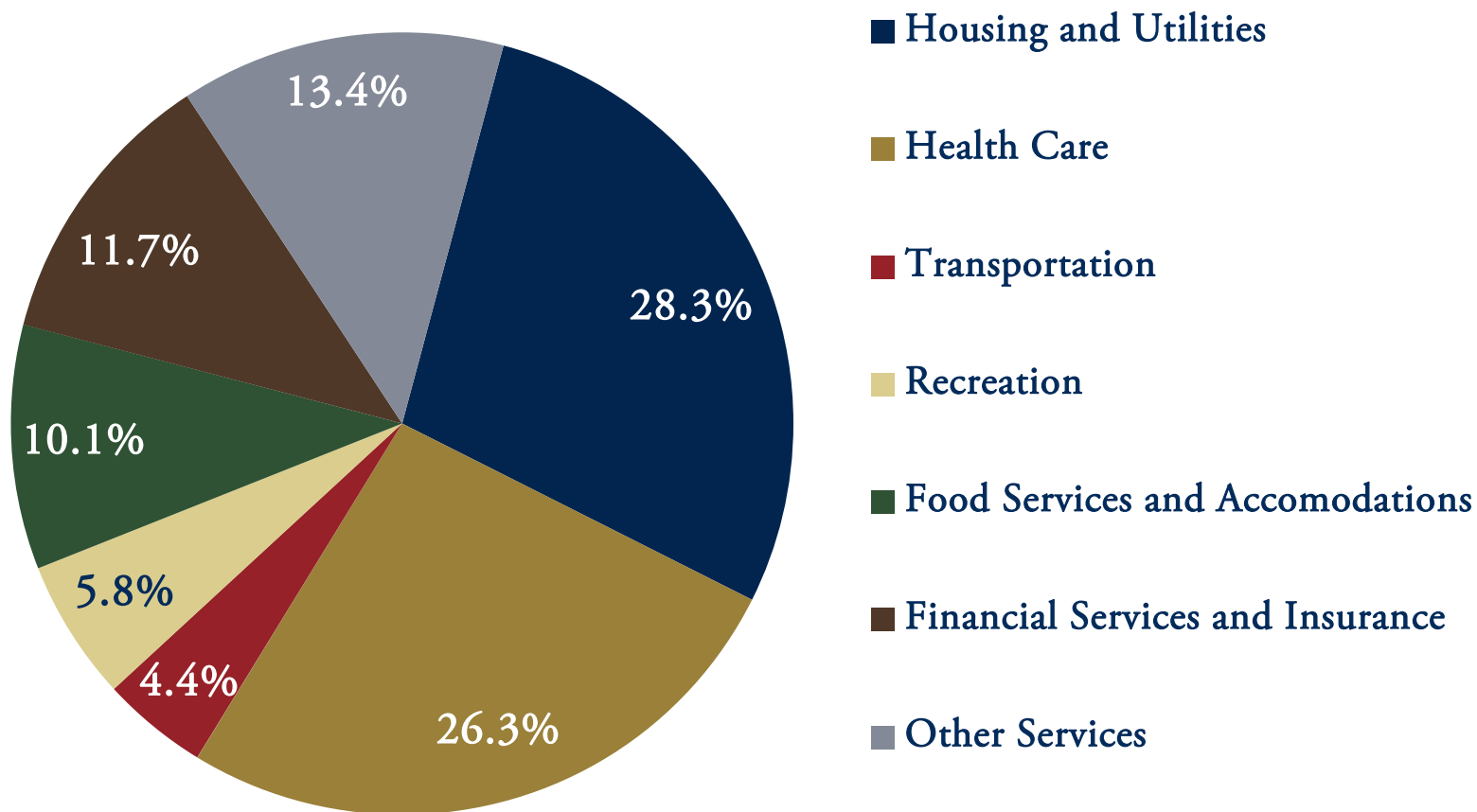
Consumer Spending

- Largest contributor to GDP: 68.2%
- Services make up two thirds of consumer spending
- Growth in early 2014 (annualized):
 - January: 2.4%
 - February: 3.6%
- Growth buoyed by healthcare and utilities spending



Services Spending

Q4 2013





Consumer Spending

- Disposable personal income increased \$42.3B, or 0.3%, in February
- Savings rate at 4.3% in February
- Reduced expenditures on utilities
- Consumer sentiment up to 84.1 in April from 80 in March
- Retail sales grew by 0.7% in February and 1.1% in March

Our Outlook – We project growth in consumer spending of 2.0%-2.5%

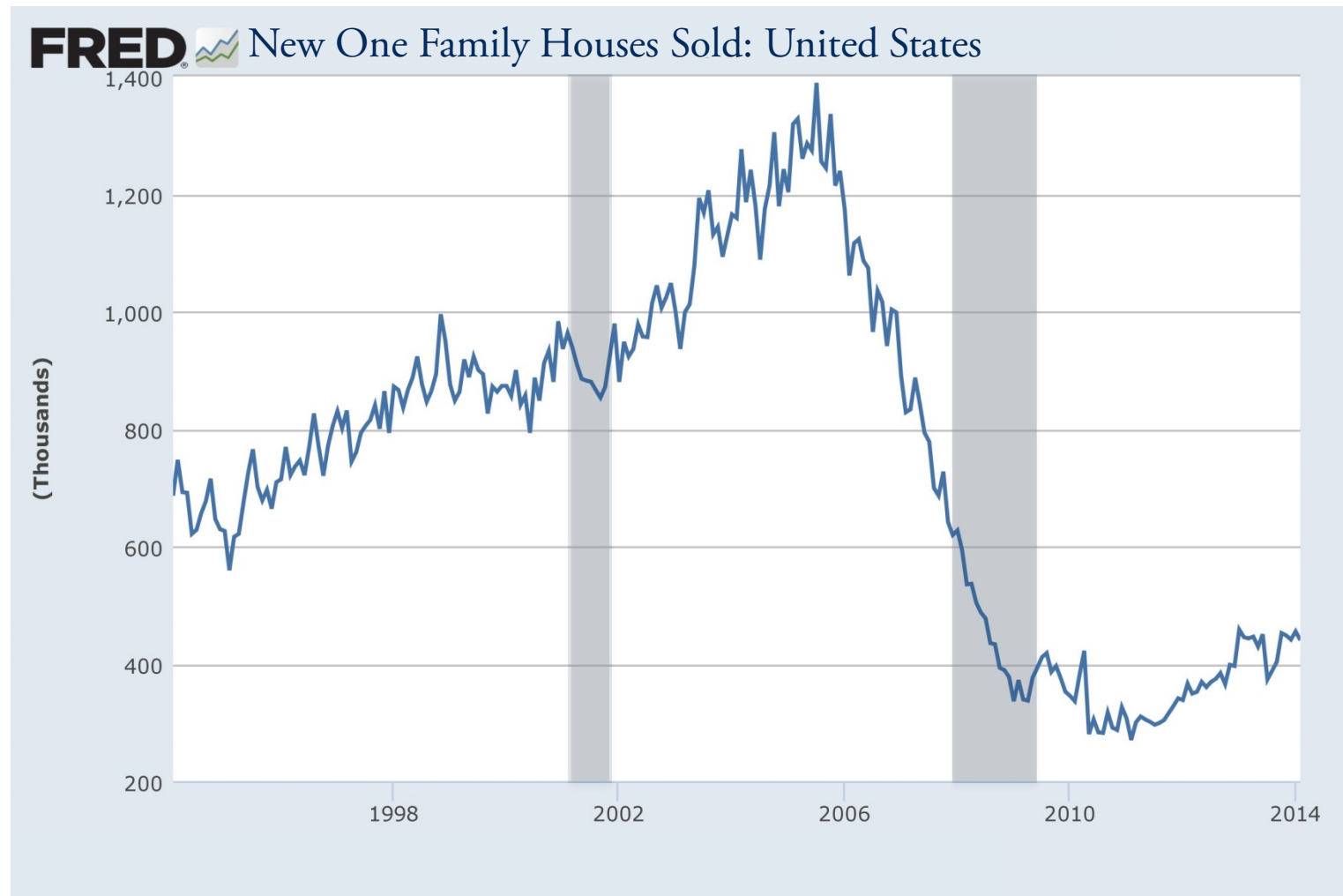


Housing

- 2nd largest contributor to GDP (15-19% of GDP)
 - 1) Residential fixed investment
 - 2) Housing services
- The harsh winter constrained housing activity
- “Prolonged housing weakness”

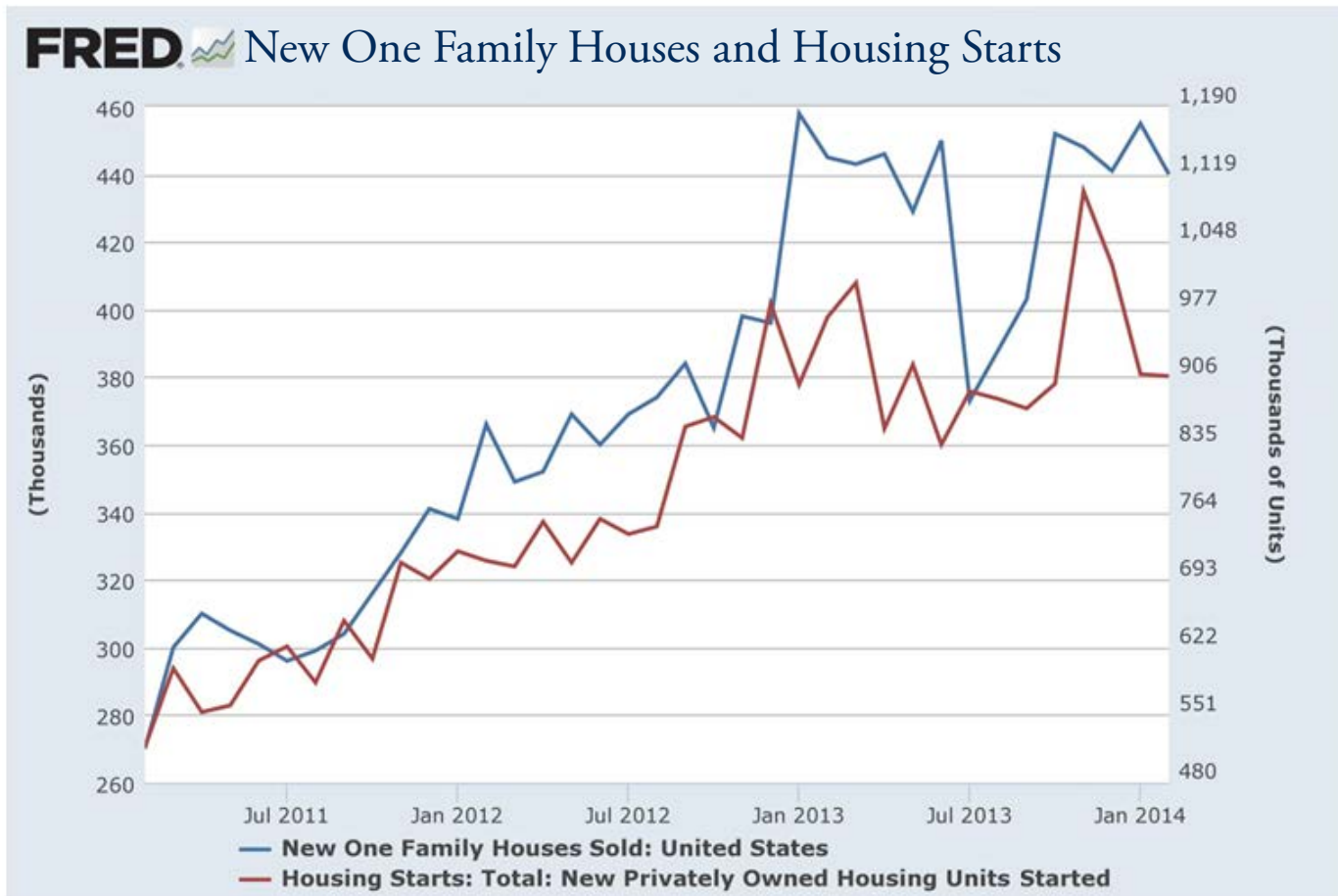


New Home Sales



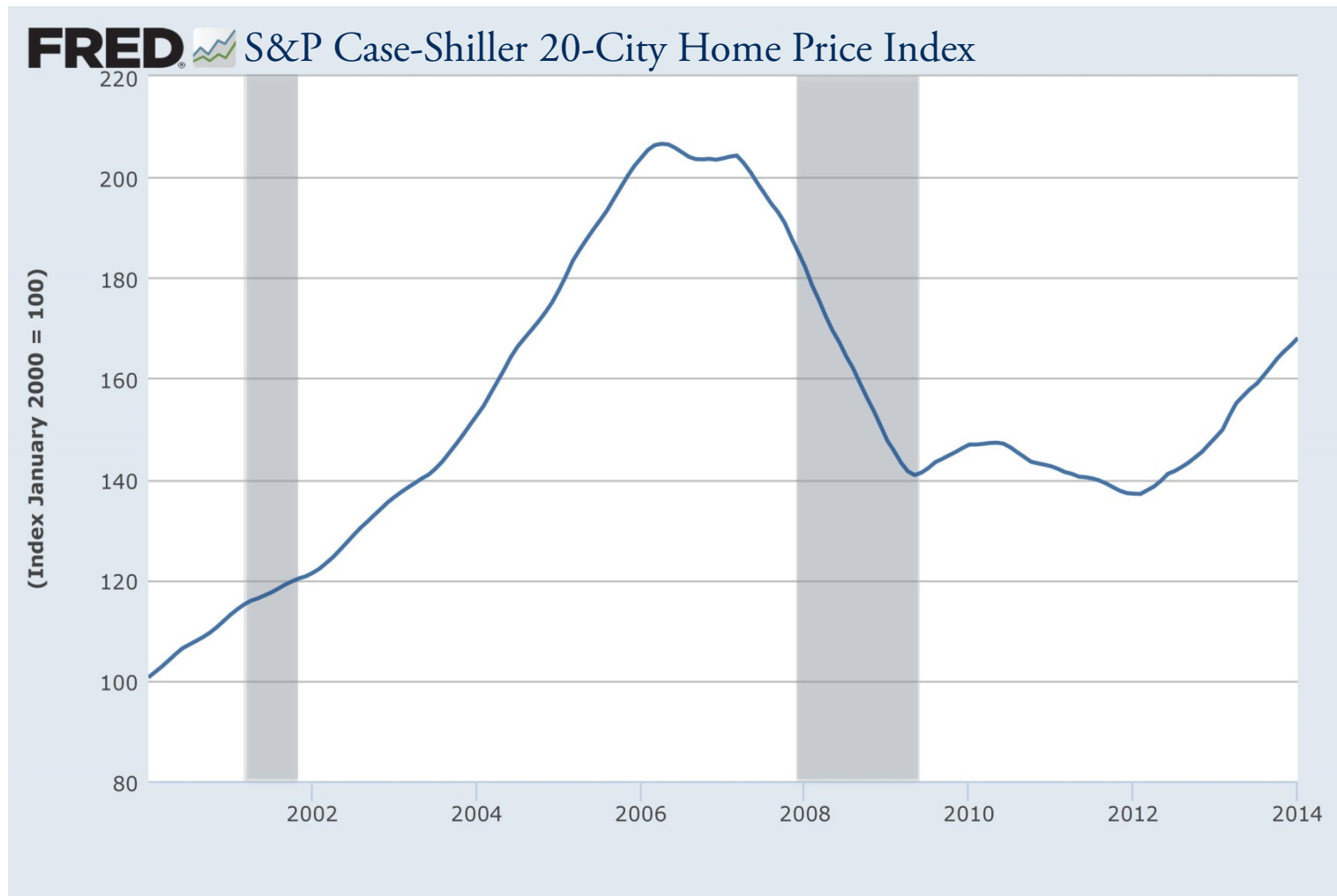


New Home Sales/Starts





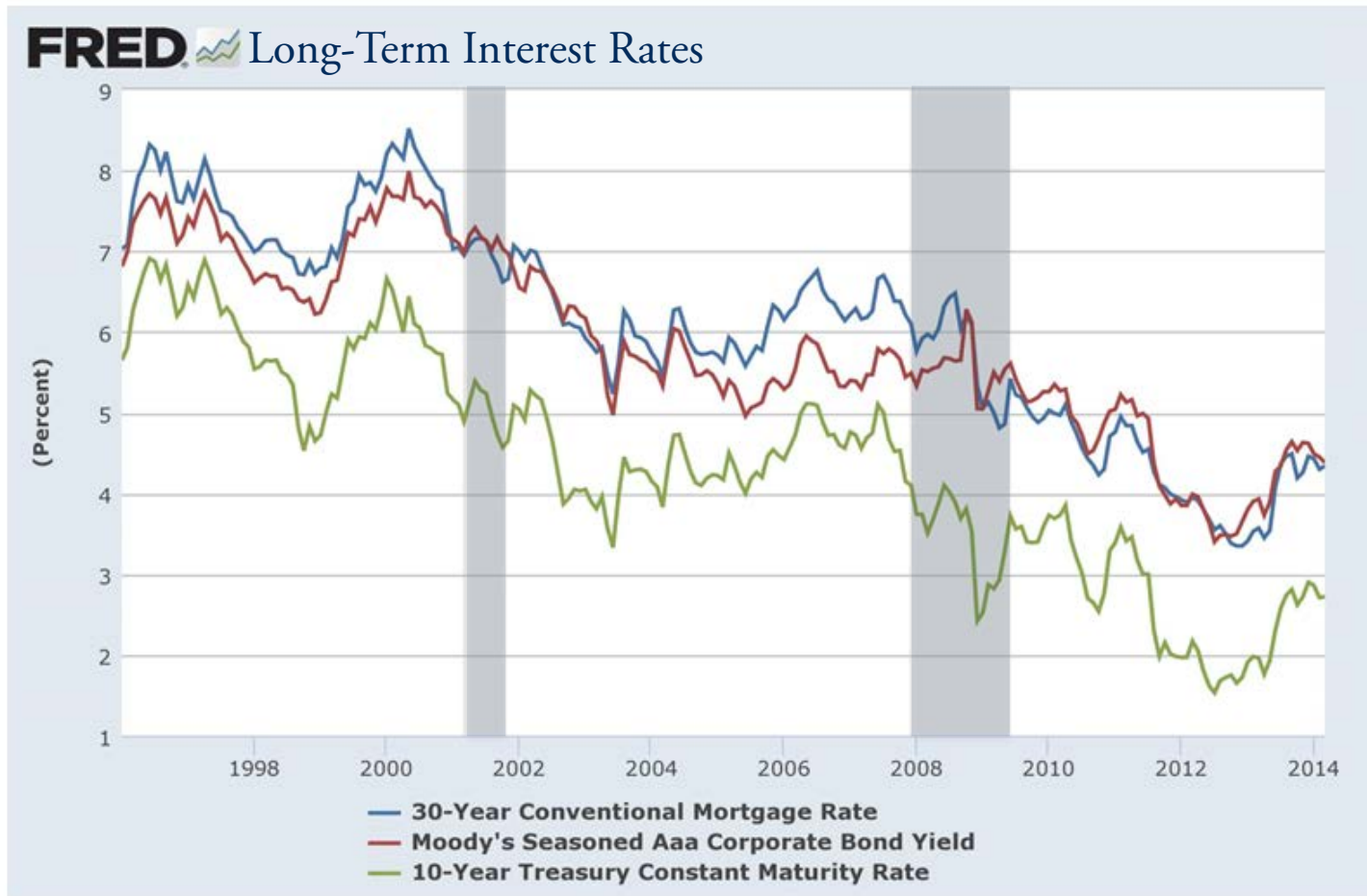
Home Price Index





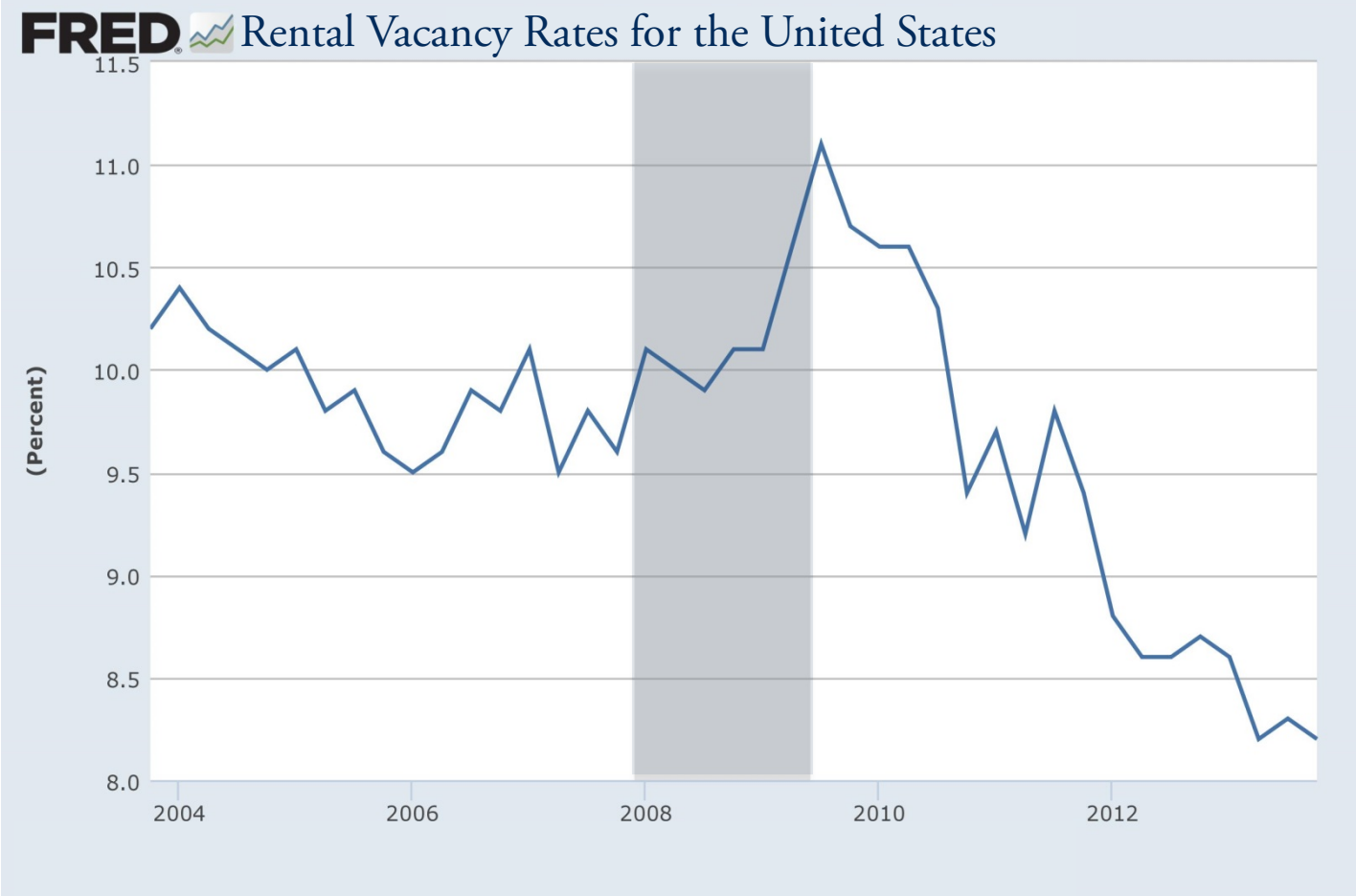
Long-Term Interest Rates

Historical Downward Trend





Rental Vacancy Rates





Housing Outlook

Optimism	Pessimism
30 yr. mortgage rate still relatively low	Shift to rental properties
Housing starts/permits are increasing	Tight inventory leading to increase in prices
	Lax lending standards

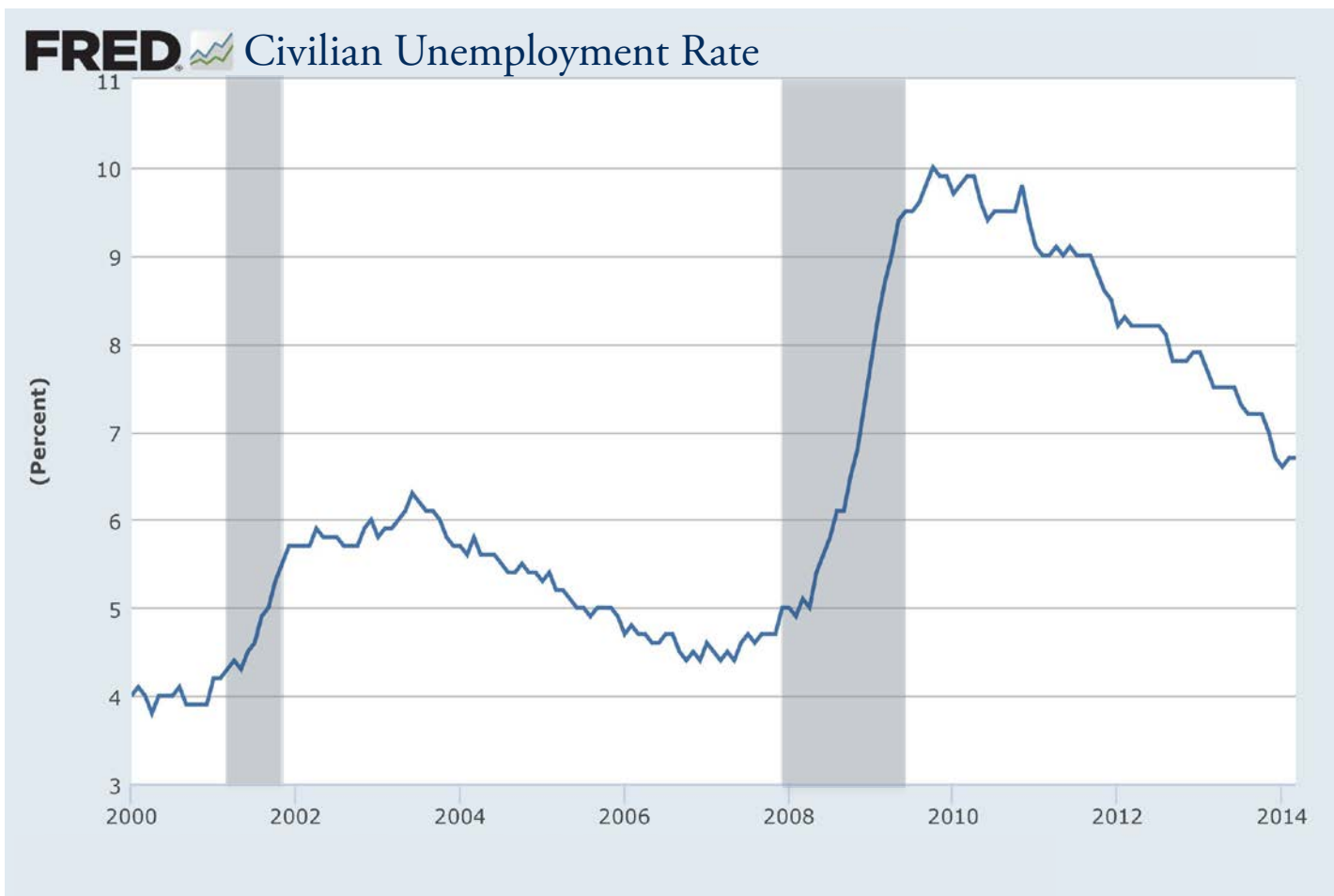
- “Housing will contribute positively to GDP this year, but not by nearly as much as in 2012 and 2013...”
 - Dana Saporta, Director of U.S. Economics Research at Credit Suisse in New York

Our Outlook – The real estate market will experience headwinds in the short term.



Unemployment

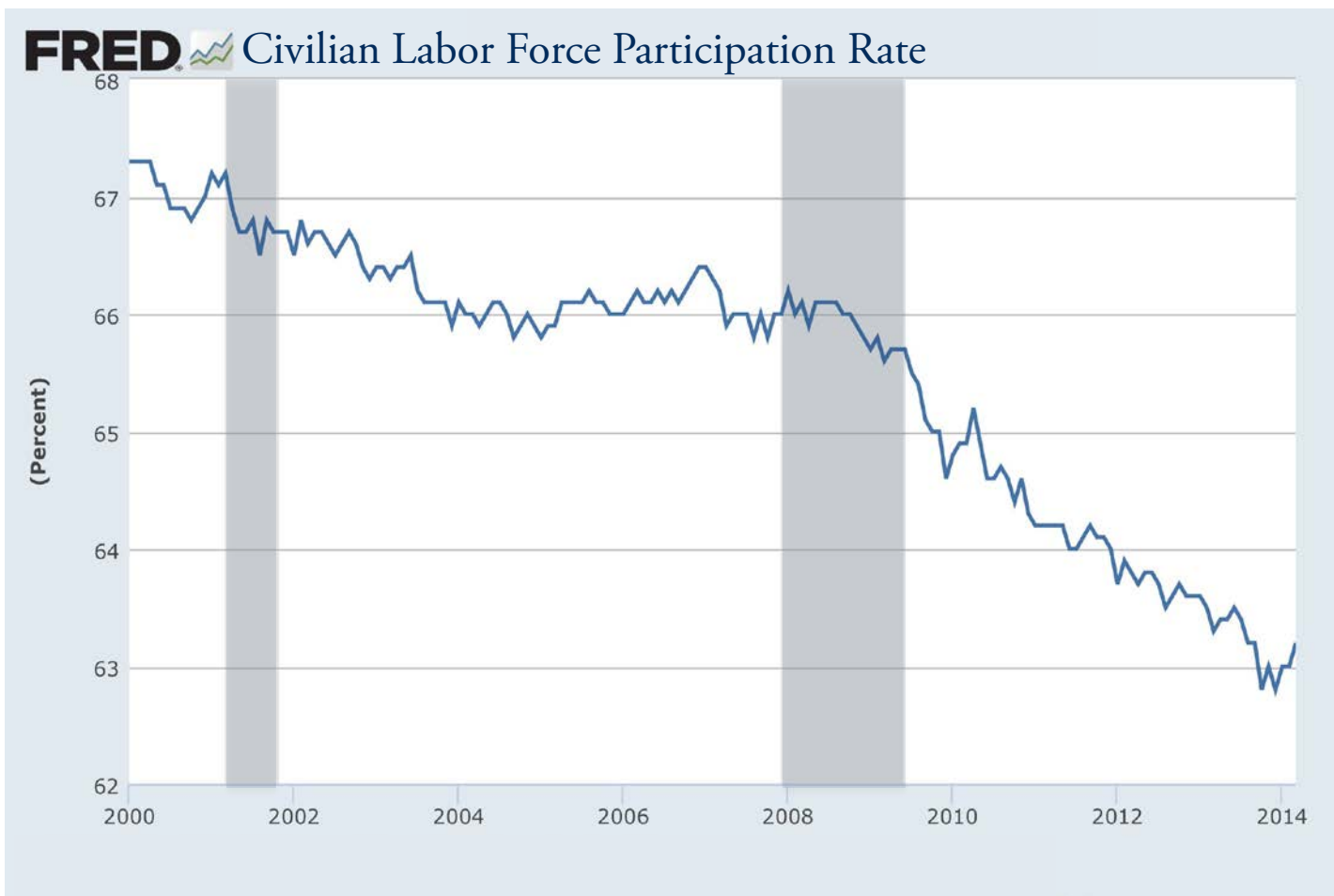
FOMC abandons quantitative 6.5% target





Declining Participation

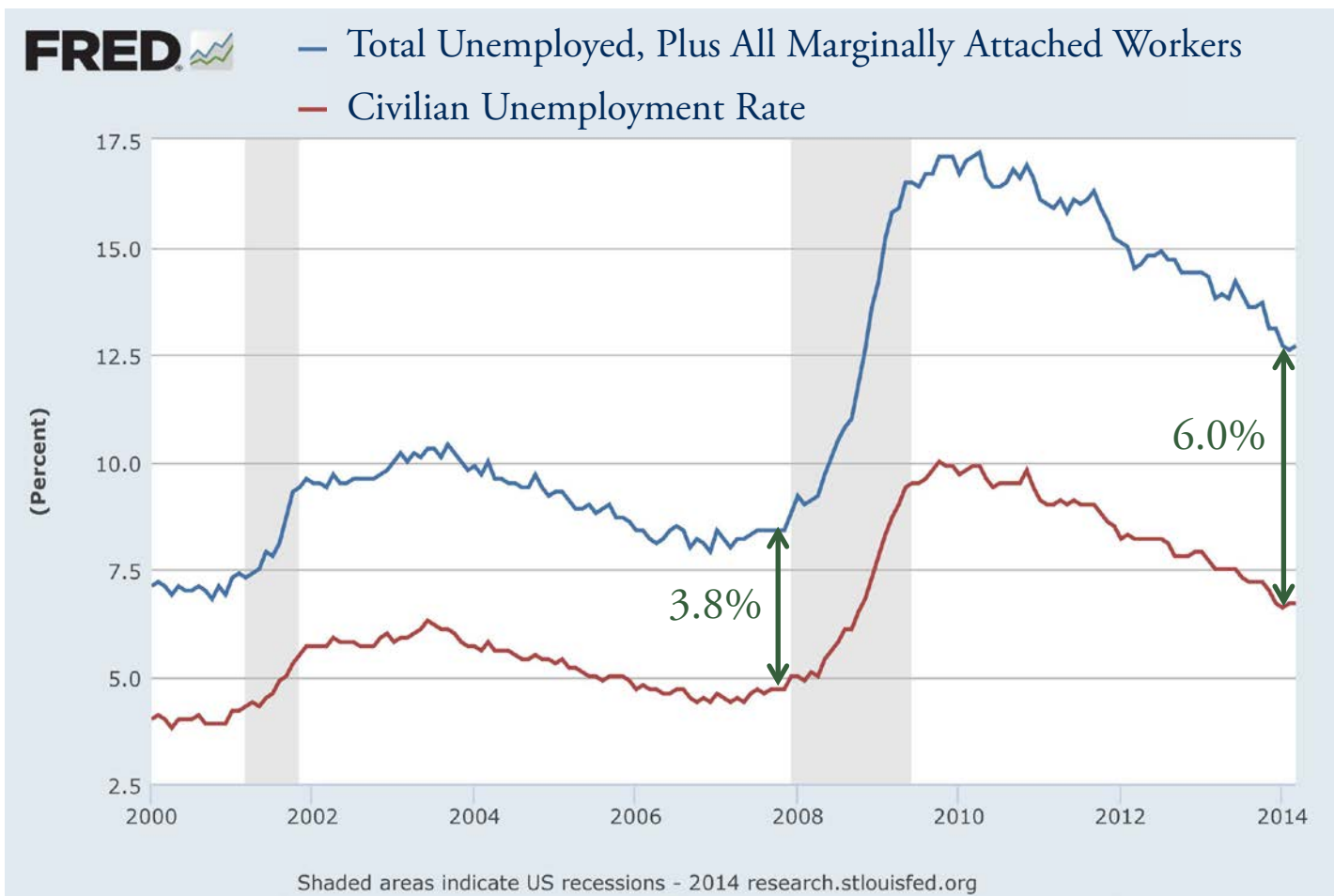
Is improvement a result of new jobs or frustrated job seekers?





Declining Participation

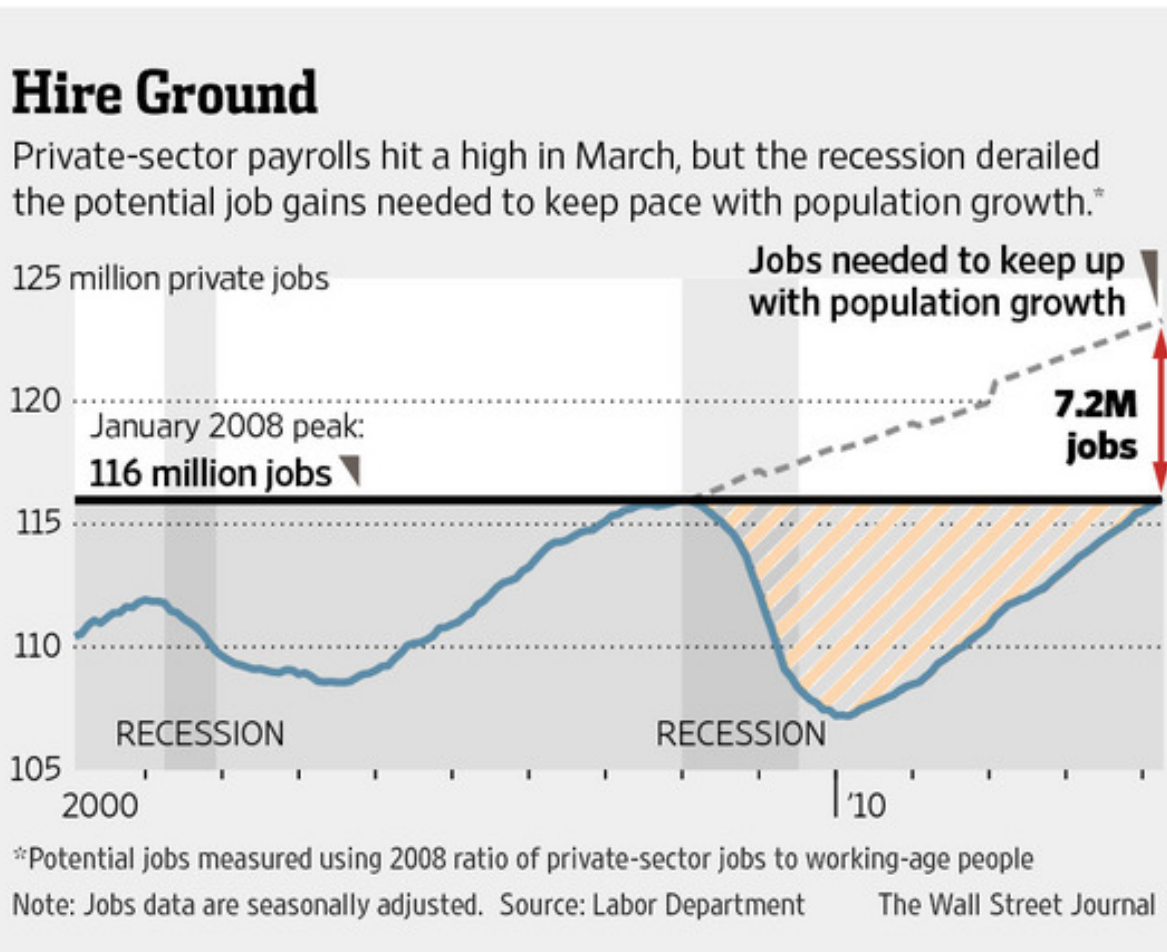
Job seekers have dropped out of the labor force





Insufficient Job Growth

Jobs have not kept up with population growth





Looming Changes

Government mandates could impact labor going forward

Affordable Care Act

- Lowers labor supply, not demand
- Subsidies increase ability to spend on non-healthcare goods and services
- Negative but minimal impact on employment

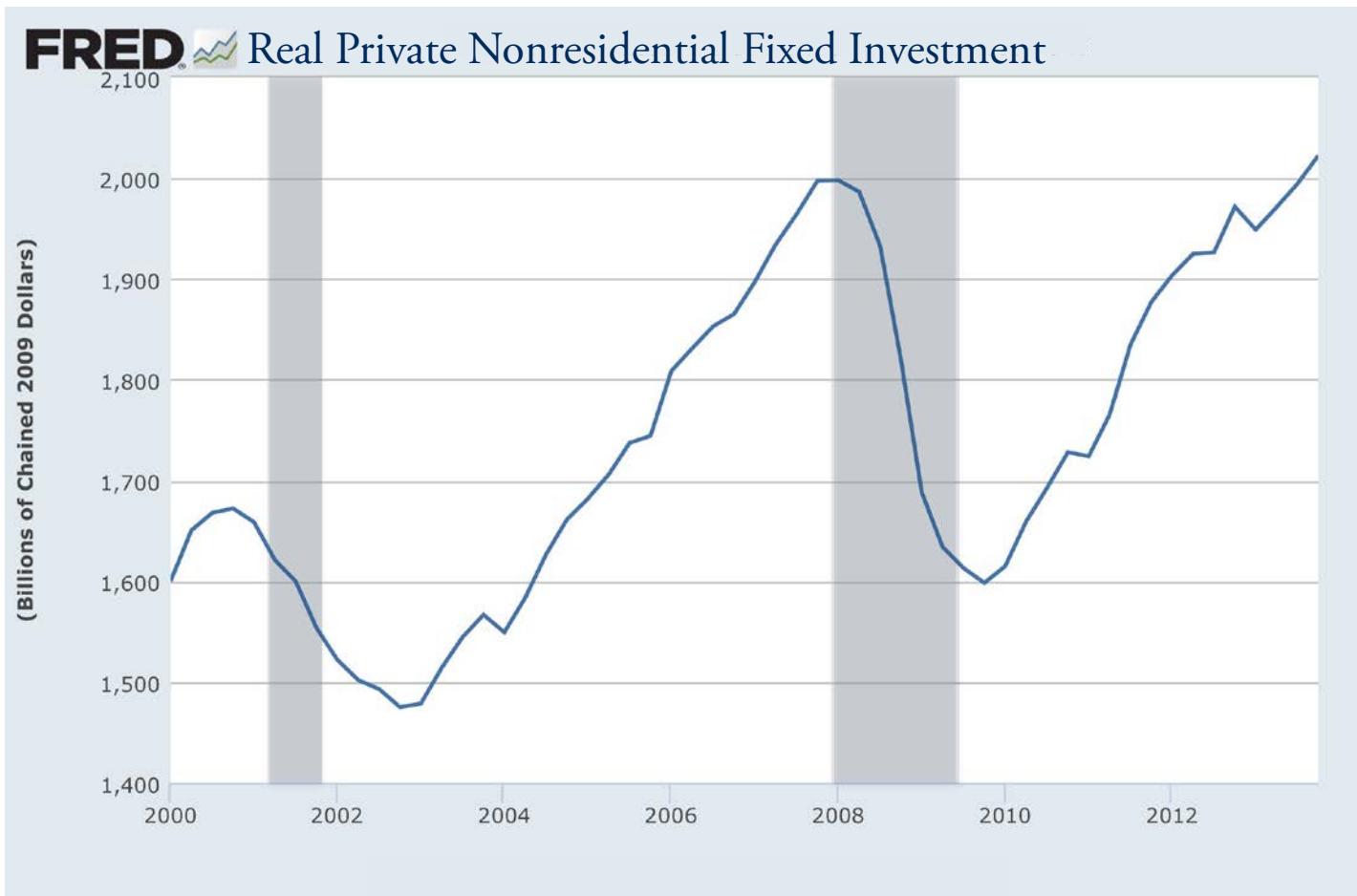
Minimum Wage Hikes

- Potential increases could improve incomes for 16M workers
- At the expense of 0.5M jobs

Our Outlook – Unemployment is understated but job growth is likely to continue at a slow pace



Business Investment





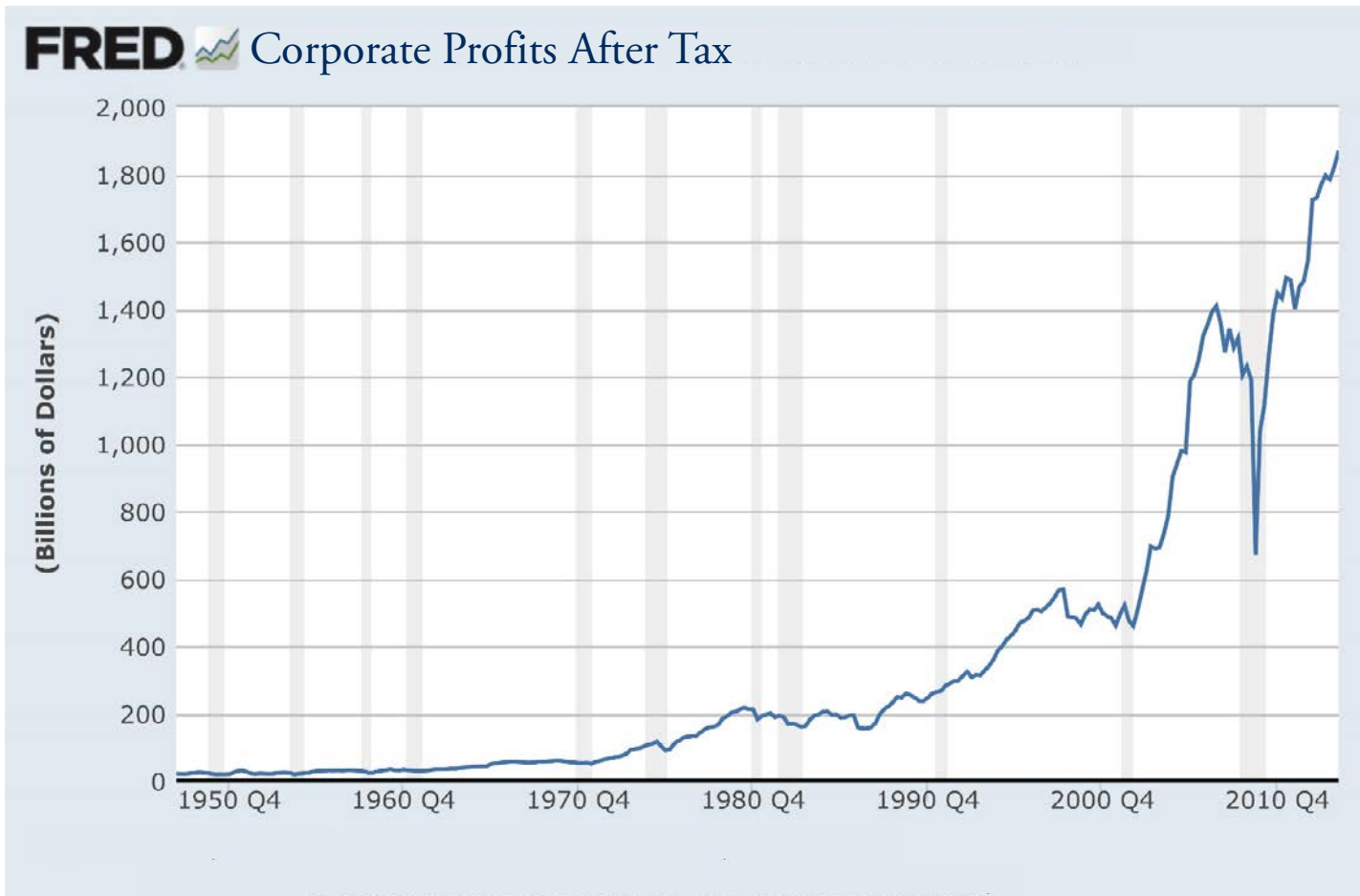
Business Investment

Recent Performance

Category	Q4 Growth	Q3 Growth
Structures	-1.80%	13.40%
Equipment	10.90%	0.20%
Intellectual Property	4.00%	5.80%
Total Business Investment	5.70%	4.80%



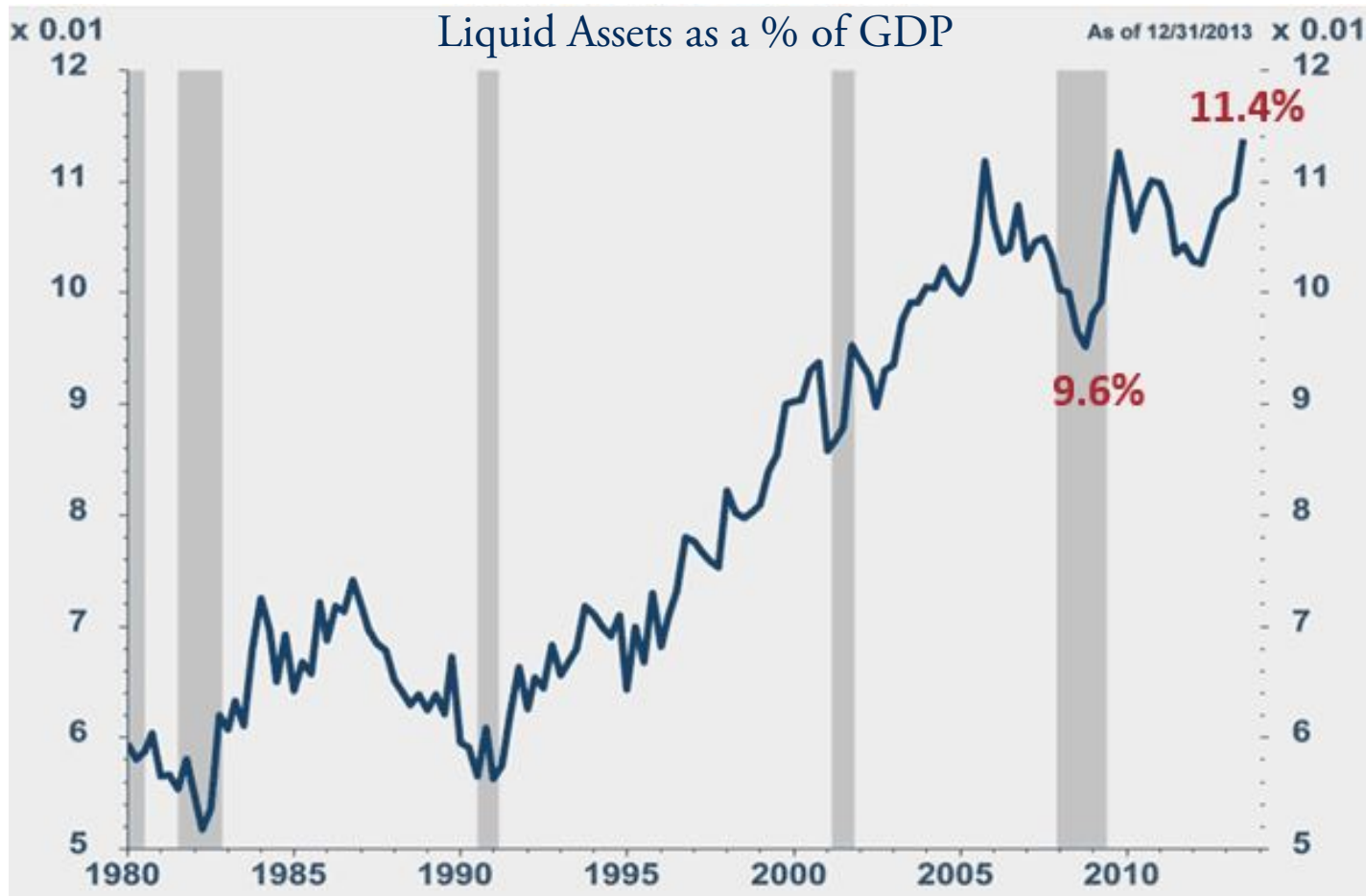
Corporate Profits





Corporate Profits

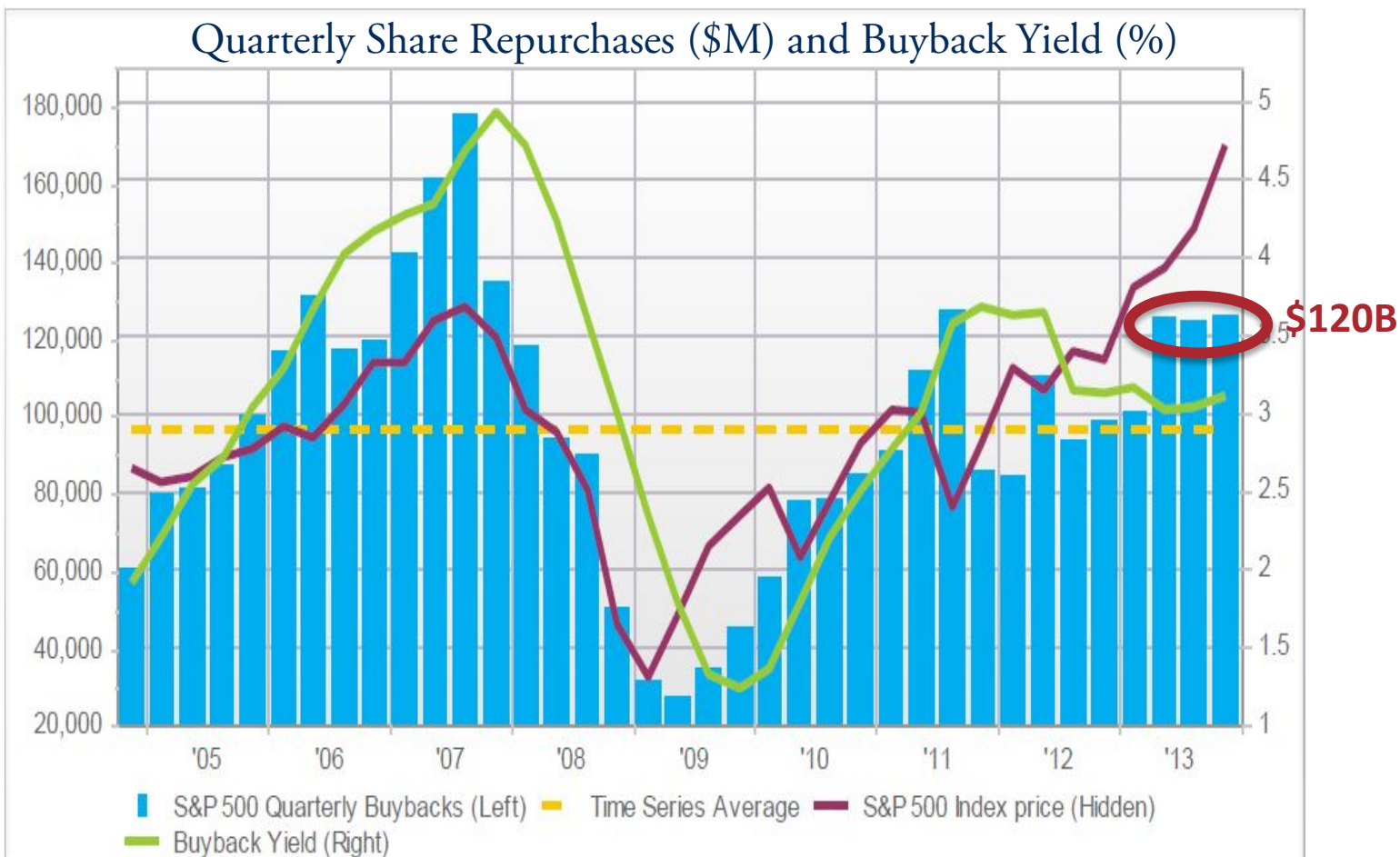
Companies are keeping cash on balance sheets





Corporate Profits

Continued share repurchases despite bull market

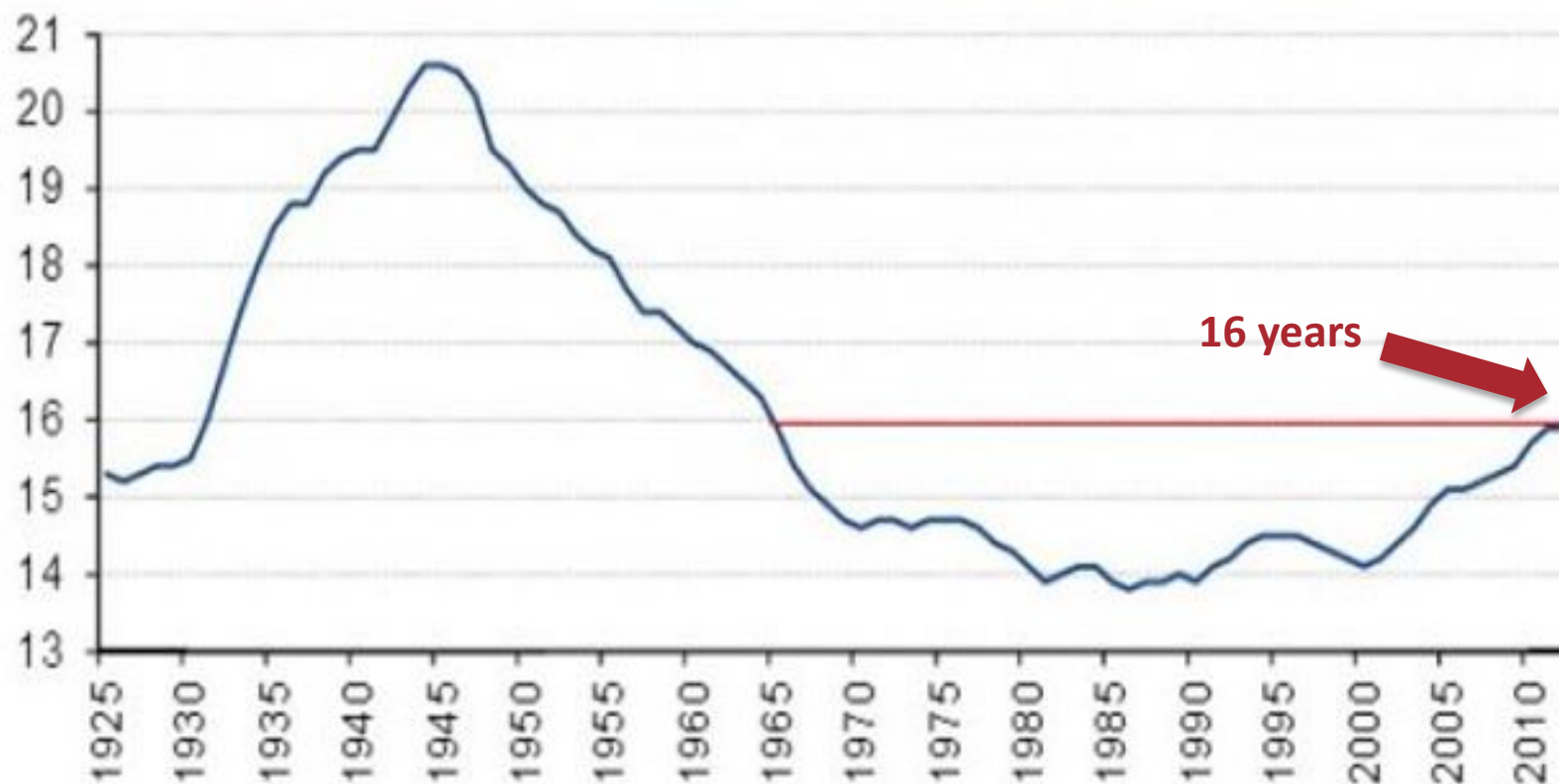




Future Investment Potential

Companies are deferring investment in fixed assets

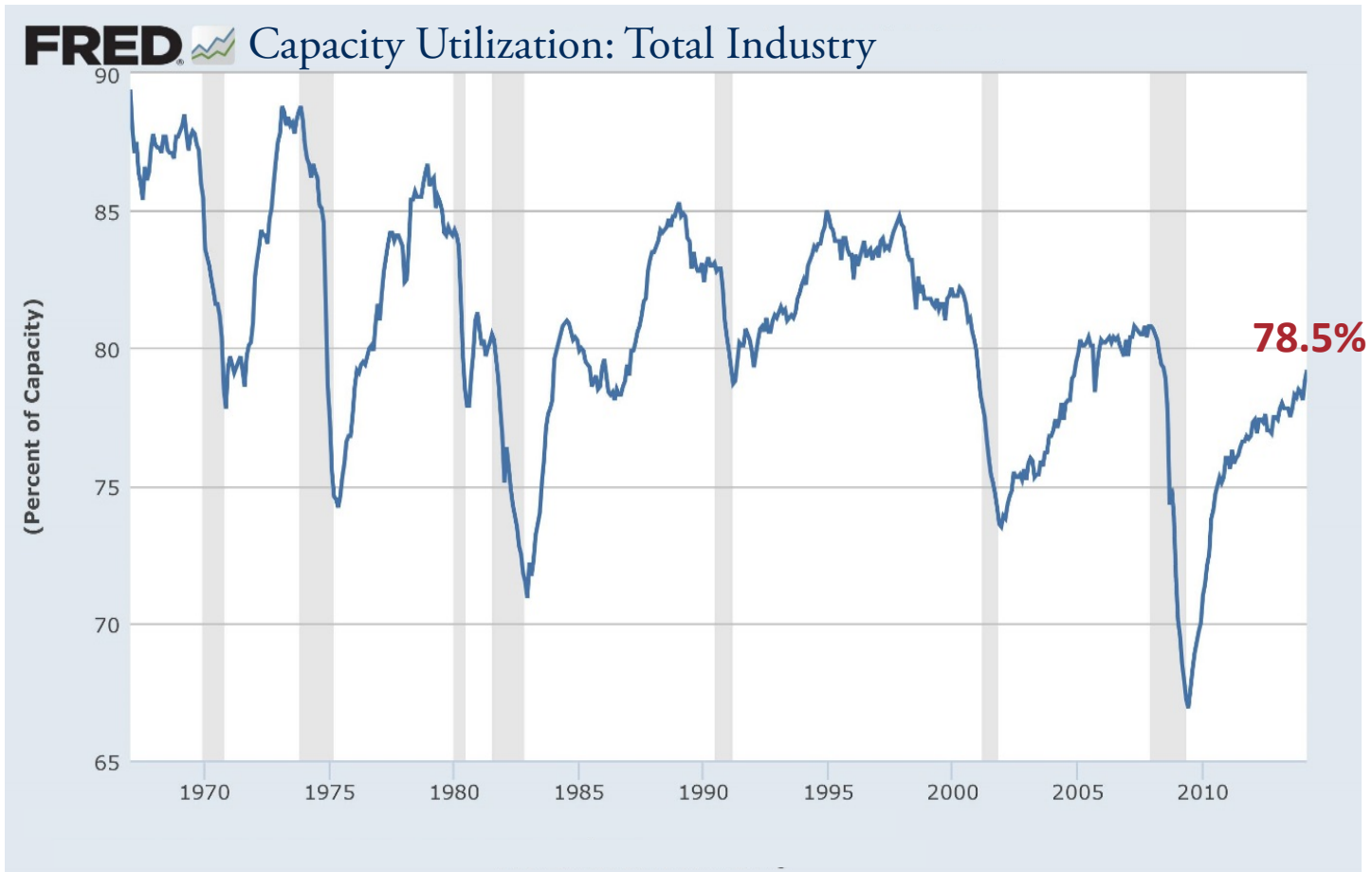
Average Age of Private Nonresidential Fixed Assets (Years)





Future Investment Potential

Additional capacity may be needed in the near term





2014 Outlook

Increased business investment spending likely in 2014

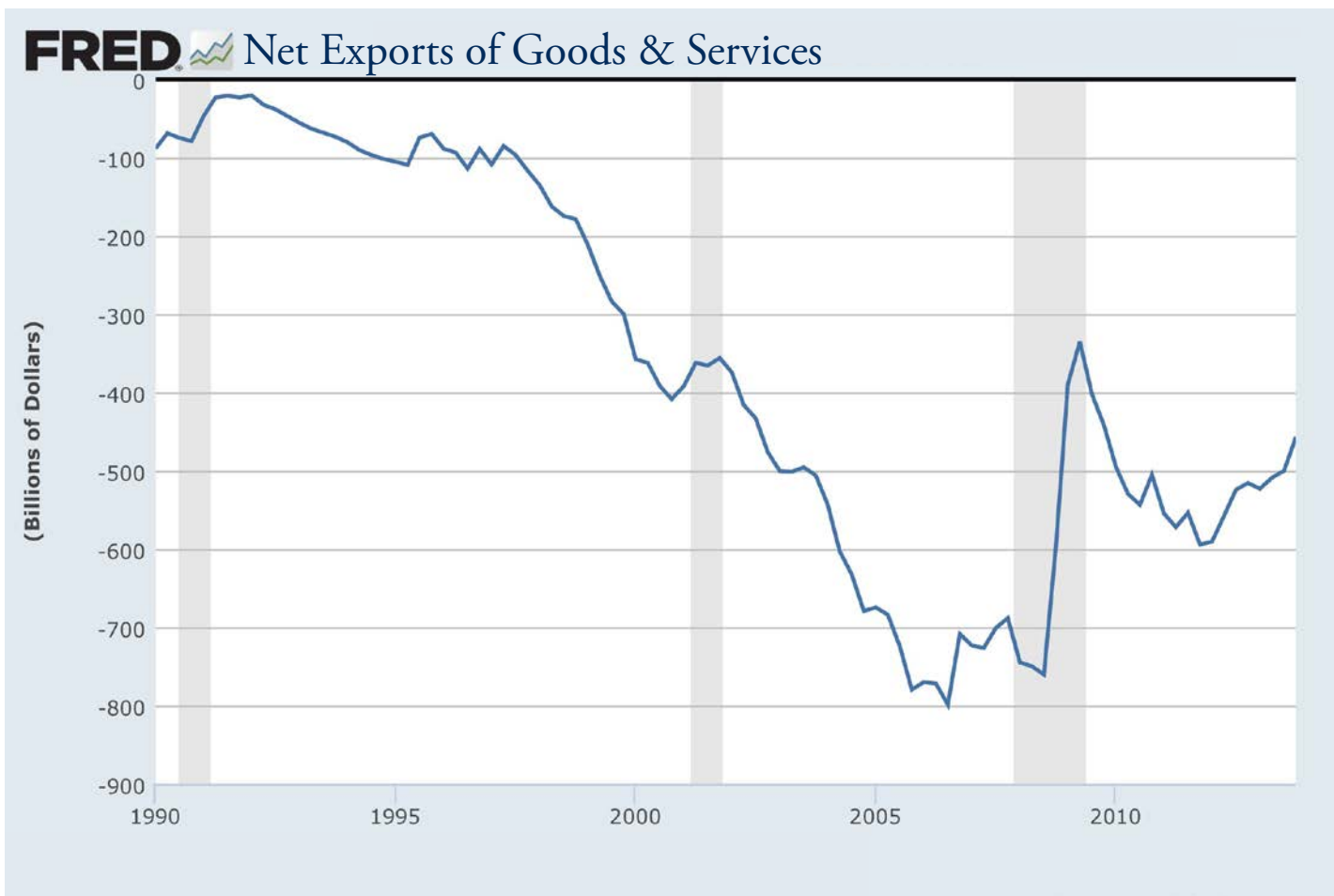
Year	Growth Rate
2012	6.0%
2013	1.5%
2014 Forecast	4.5-5.0%

Our Outlook – Businesses remain hesitant to spend but may be unable to defer spending much longer



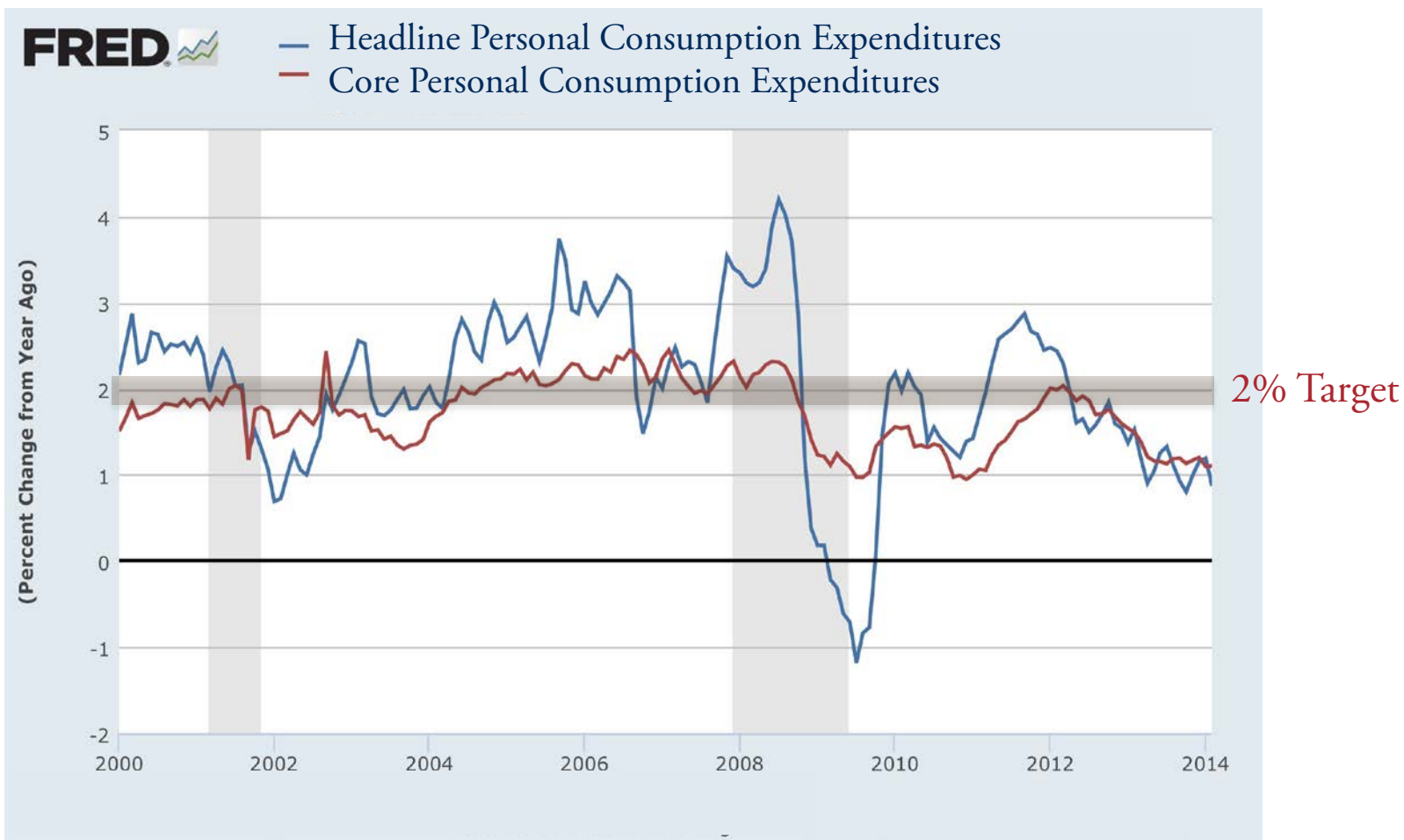
Net Exports

Negative contribution but improving





Inflation

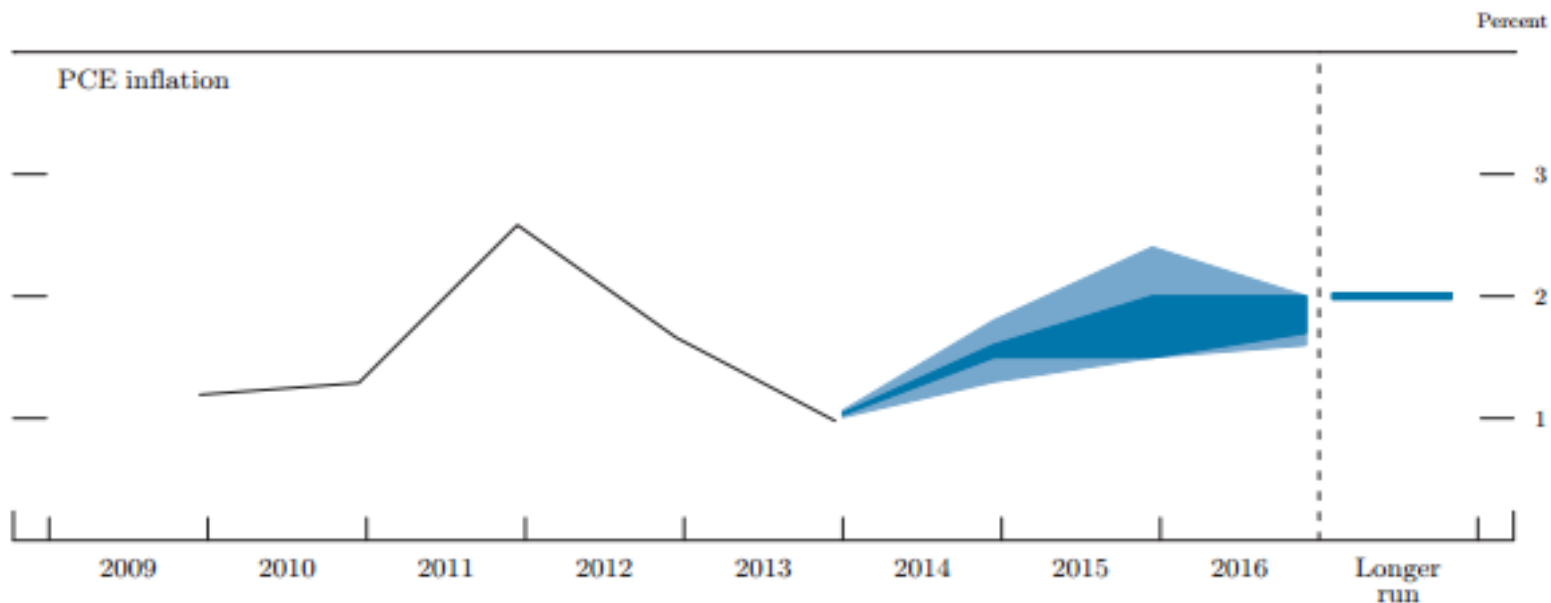




Inflation Projections

FOMC targeting 2.0% inflation

As of March 2014



	2014	2015	2016	Longer Run
December 2013 Projection	1.4-1.6%	1.5-2.0%	1.7-2.0%	2.0%
March 2014 Projection	1.5-1.6%	1.5-2.0%	1.7-2.0%	2.0%



Monetary Policy

Updates from March FOMC Meeting

- Additional \$10 billion reduction in monthly asset purchases
- Reaffirms commitment to low interest rates
- Removes reference to 6.5% unemployment threshold
- Next FOMC Meeting: April 29 and 30



Monetary Policy

Long-term Outlook

- Bond purchases will end in January 2015
- Rates will remain low throughout 2015
- Inflation, rather than unemployment, will dictate policy; no hardline markers

Our Outlook – Recent policies have not yet generated anticipated results and are unlikely to change significantly in the near term



Fiscal Policy

Short-term Outlook

- Mid-term elections = calmer environment
 - Debt ceiling is non-issue until March 2015
 - No big changes to spending or tax policy expected in 2014
- Potential developments
 - Corporate taxes
 - Keystone Pipeline

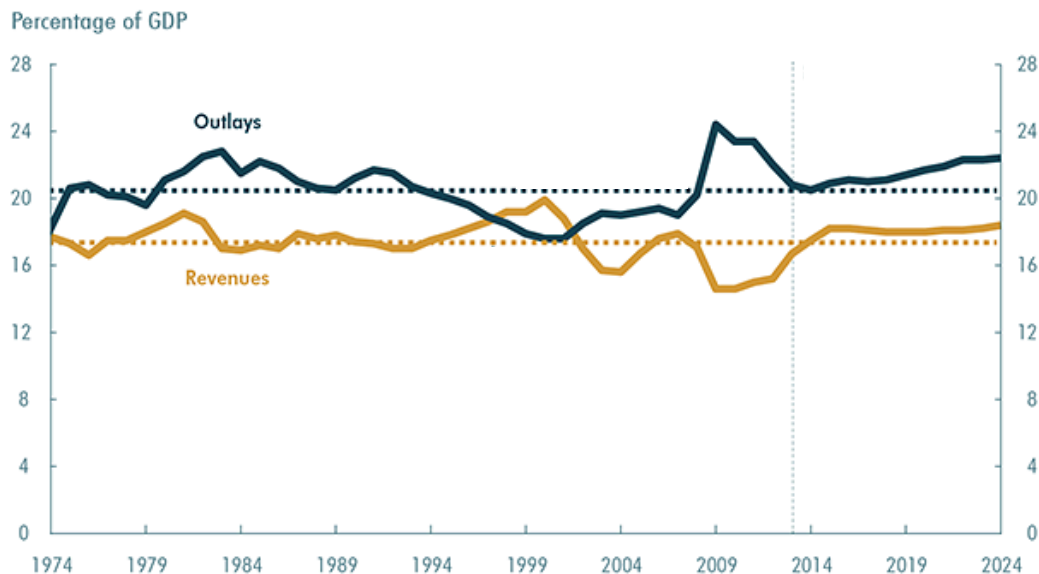


Fiscal Policy

Current State and Long-term

- Budgeted 2014 Deficit = \$649 billion
 - Deficit projected to rise after 2015
 - Outlays go from \$3.5 trillion to \$6 trillion over next ten years; “unsustainable growth in debt”

Total Revenues and Outlays





Security Analysis

Overview

Corporate Governance

Selected Analysis

Valuation Method

Investment Thesis



Security Analysis

Analysis and Valuation Reports

- Analysts complete seven analysis reports
 - Company Background
 - Fundamental
 - Earnings per share
 - Industry
 - Beta
 - Technical
 - Discovery, Valuation and Final Recommendation
- Each analyst considers all seven reports and makes a buy or sell recommendation.



Valuation and Thesis

Recommendation - Buy









Valuation Method	Weight	Valuation	Contribution
Book Value/Share	%	\$	\$
DFCF Value/Share	%	\$	\$
Forward Price/Earnings Multiple	%	\$	\$
Forward EV/EBITDA	%	\$	\$
Forward Price/Book Multiple	%	\$	\$
Forward Price/Sales	%	\$	\$
DDM Analysis	%	\$	\$
Intrinsic Value			\$
Market Price (04/14/2014)			\$
Estimated Upside/(Downside)			%

Investment Thesis:



Security Analysis

Analysis and Valuation Reports

Analyst	Stock	Focus
Sivella Smith	 UnitedHealthcare®	Industry Analysis
Aaron Backman	MONSANTO 	Industry Analysis
Jessica Bonanno	 THE HAIN CELESTIAL GROUP	Fundamental Analysis and Discovery
Luke Friedman	 LIVE NATION	Multiples Valuation
Thomas Laughner	 KINDER MORGAN	Dividend Discount Model
Thomas Maguire	 BAKER HUGHES	Discounted Free Cash Flows, WACC
Brennan Clark		Discovery
Brent Kitts	 Check Point SOFTWARE TECHNOLOGIES LTD.	Technical Analysis



UnitedHealth Group, Inc.

NYSE: UNH

UNITEDHEALTH GROUP®

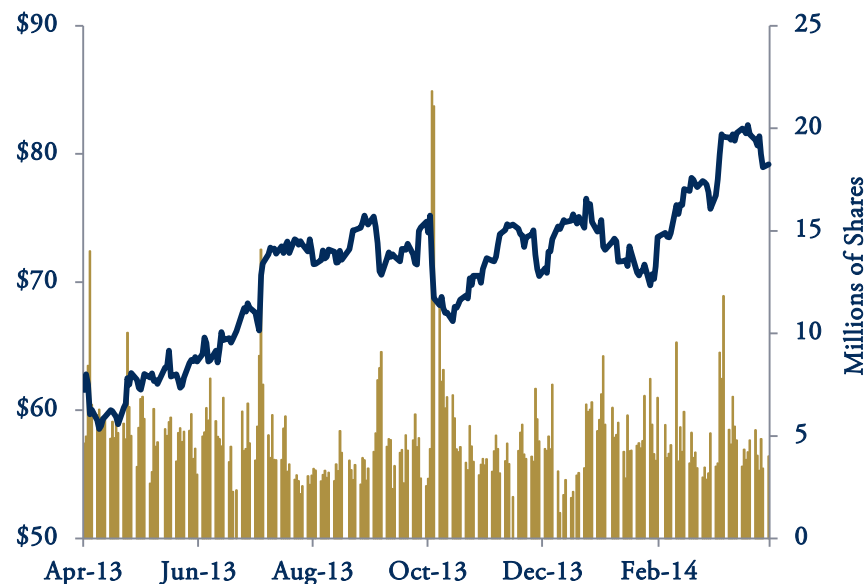
Price (4/14/14): \$79.18

Market Cap: \$78.3B

One-Year Forward P/E: 14.09

One-Year Forward EPS: \$5.62

One Year Price Chart



Focus – Industry Analysis



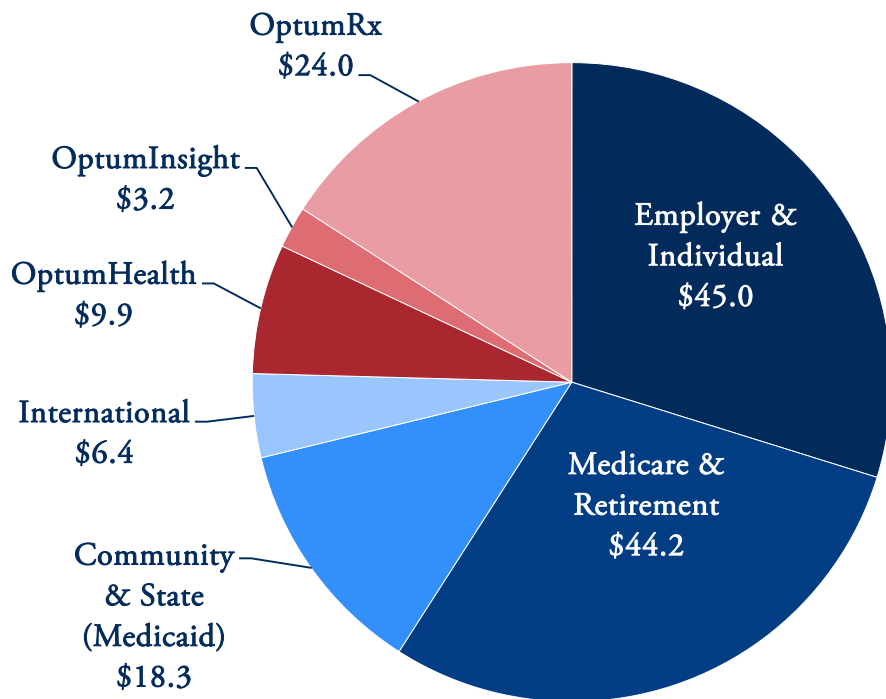
Affordable Care Act (ACA)

- In 2012, 85% of Americans had health insurance coverage
- Healthcare reform is expected to extend coverage to an additional 25-30 million individuals by 2019
- Reforms will put pressure on operating margins for MCOs
 - Limits to premium amounts and variance
 - Caps on gross margins
 - No refusal or rescission of coverage
 - \$8 billion annual industry tax to help fund ACA



Industry Analysis

UNH 2013 Revenues (\$ Billions)



- Industry highly fragmented, though dominated by a few large players
- National reach, pricing power, and economies of scale are critical to post-reform success
- UNH has 20% market share and 10M more members than closest competitor

UNH Enrollment (Millions)	Q4 2013	Growth (YOY)
Employer & Individual	30.2	12.0%
Medicare & Retirement	6.4	12.2%
Community & State (Medicaid)	4.0	5.4%
International	4.8	8.6%
Total	45.4	11.0%



Valuation and Thesis

UnitedHealth Group Inc.

Recommendation - Buy

Valuation Method	Weight	Valuation	Contribution
DFCF Value/Share	80.0%	\$ 94.08	\$ 75.27
Forward EV/Sales Multiple	6.7%	\$ 80.81	\$ 5.39
Forward EV/EBITDA Multiple	6.7%	\$ 71.35	\$ 4.76
Forward P/E Multiple	6.7%	\$ 61.20	\$ 4.08
Intrinsic Value			\$ 89.49
Market Price (04/14/2014)			\$ 79.18
Estimated Upside/(Downside)			13.0%

Investment Thesis:

- National healthcare industry to grow 5.5-6.5% per year over next decade
- Leading, growing market share in most profitable member segments
- Diverse revenue streams including analytics and international businesses
- Unmatched economies of scale and pricing power
- Well capitalized balance sheet and low operational risk



Monsanto

NYSE: MON

MONSANTO



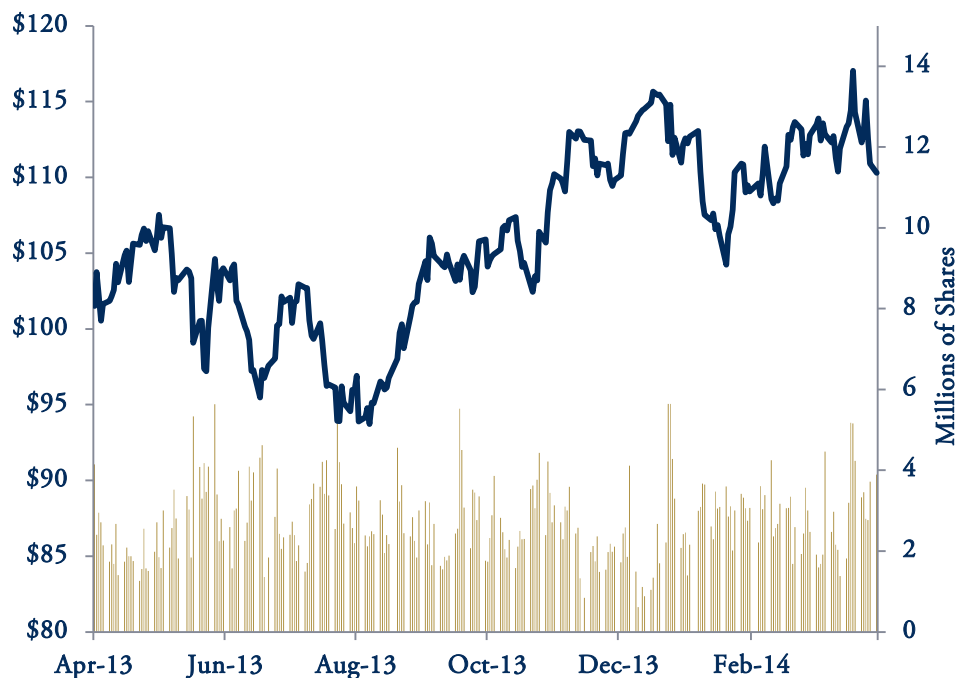
Price (4/14/14): \$110.29

Market Cap: \$58.9B

One-Year Forward P/E: 19.83

One-Year Forward EPS: \$5.56

One Year Price Chart



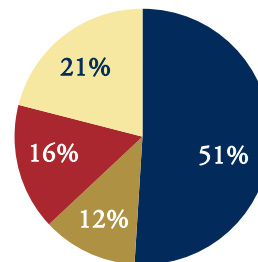
Focus – Industry Analysis



Monsanto Background

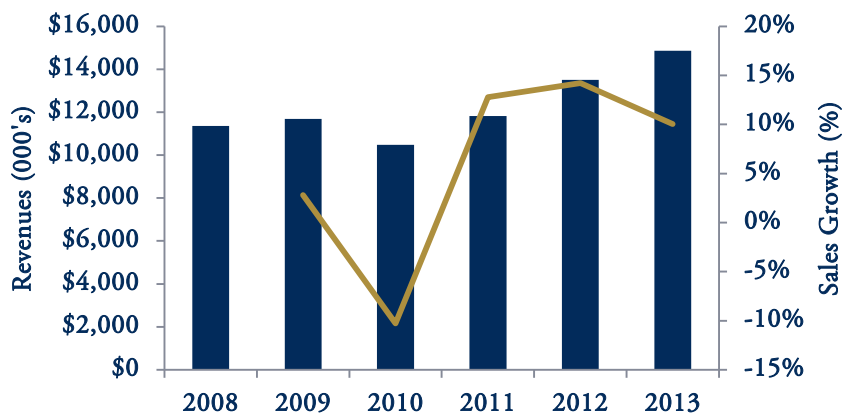
- Operating Segments are Seed and Genomics and Agricultural Productivity
- Growth is from seeds segment
- USA – 54% of sales

2013 Profits



■ Corn ■ Soybeans ■ Other ■ Agricultural Productivity

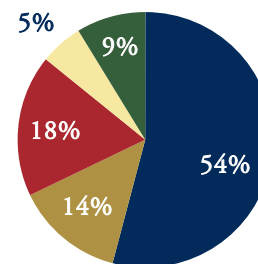
Revenue Growth



■ Total Revenues — Revenue Growth

Source: MON 10 -K

2013 Revenue



■ USA ■ Europe ■ South America ■ Asia Pacific ■ Other



Industry Analysis

Seeds and Genomics

- Opportunities
 - Greater demand for food – higher yields
 - New traits provide superior pest resistance
- Strengths
 - High net farm income
 - Limited competition
 - R&D intensive with patent protections
- Risks
 - Protection of intellectual property
 - Farm profitability decreases



Valuation and Thesis

Monsanto

Recommendation - Buy

Valuation Method	Weight	Valuation	Contribution
Book Value/Share	0%	\$ 35.29	\$ -
DFCF Value/Share	80%	\$ 127.59	\$ 102.07
Forward Price/Earnings Multiple	20%	\$ 105.56	\$ 21.11
DDM Analysis	0%	\$ 82.61	\$ -
Price/Book Multiple	0%	\$ 116.46	\$ -
Intrinsic Value			\$ 123.18
Market Price (04/14/2014)			\$ 110.29
Estimated Upside/(Downside)			11.7%

Investment Thesis:

- Monsanto's traits needed to increase production
- Limited competition provides ongoing pricing power
- New traits provide sales and licensing opportunities



The Hain Celestial Group

NASDAQ: HAIN



Price (4/14/14):	\$84.25
Market Cap:	\$4.3B
One-Year Forward P/E:	22.37
One-Year Forward EPS:	\$3.35



Focus – Fundamentals and Discovery

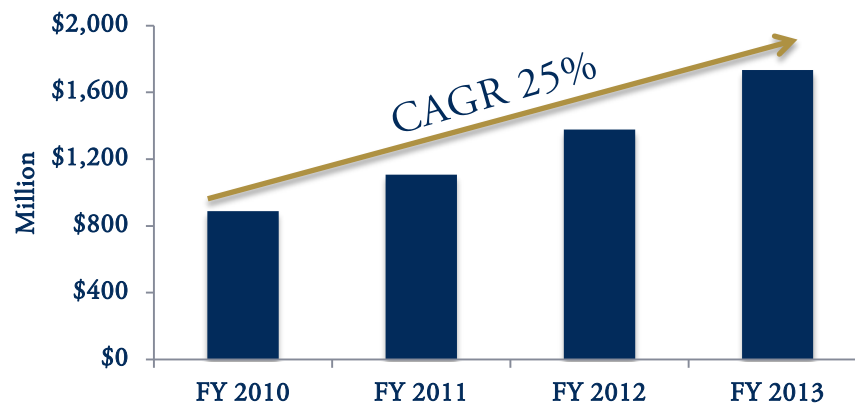


Overview

- Natural & organic grocery and personal care products
- Manufactures, markets, distributes, and sells
- Very diverse portfolio
- 50 countries worldwide, primarily Europe & North America
- 72% of revenue is domestic
- Widespread distribution



Net Sales





Fundamentals

THE HAIN CELESTIAL GROUP

Market Cap
\$4.3B

2013 Sales
\$1.7B

WhiteWave FOODS

Market Cap
\$4.9B

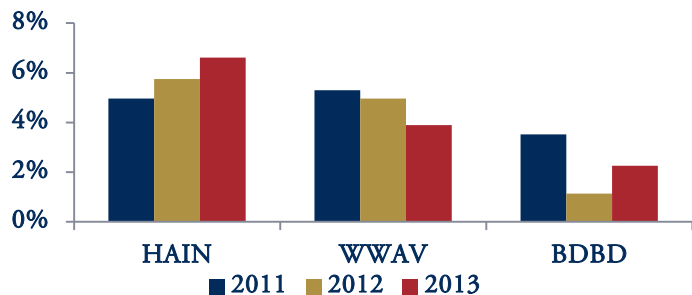
2013 Sales
\$2.5B

SMART BALANCE, **svol.**, **Udi's** Gluten Free, **BOULDER BRANDS**, **earth balance**, **glutino**, **LEVEL**

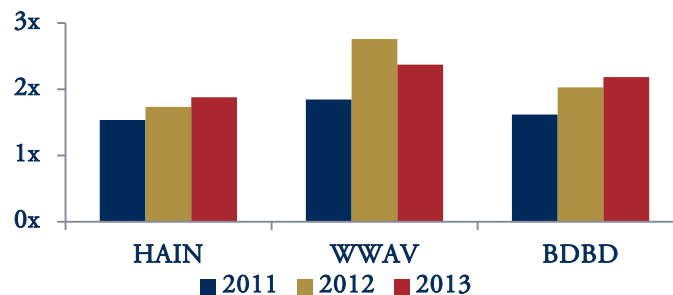
Market Cap
\$1.0B

2013 Sales
\$0.5B

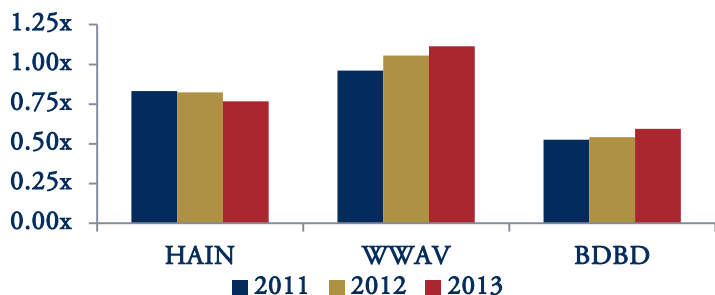
Profit Margin



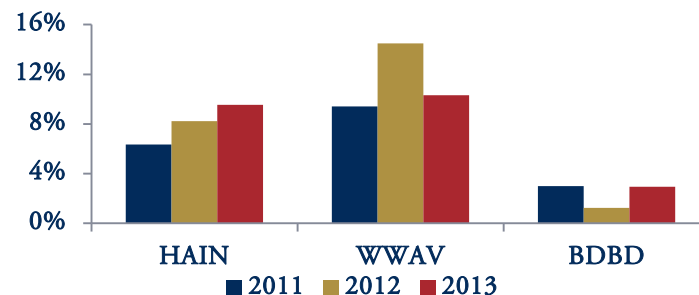
Financial Leverage



Asset Turnover



Return on Equity





Valuation and Thesis

The Hain Celestial Group

Recommendation - Buy

Valuation Method	Weight	Valuation	Contribution
Book Value/Share	0%	\$ 28.02	\$ -
Forward P/E Multiple	0%	\$ 75.05	\$ -
Forward P/B Multiple	0%	\$ 74.23	\$ -
DFCF/Share	100%	\$ 100.09	\$ 100.09
Intrinsic Value			\$ 100.09
Market Price (04/14/2014)			\$ 84.25
Estimated Upside/(Downside)			18.8%

Investment Thesis:

- Diversified product portfolio
- Trusted Brand reputations
- Unique position as the sole organic conglomerate (advantages for distribution, procurement, etc.)
- High, prolonged industry growth forecast (12.3% CAGR through 2020)
- Room to invest in growth from disciplined capital management



Live Nation Entertainment

NYSE: LYV



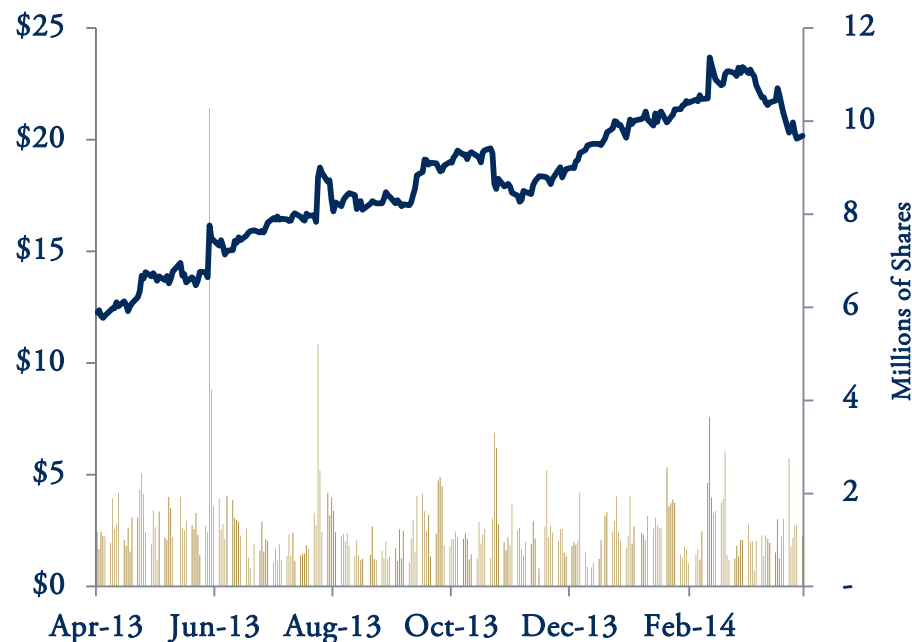
Price (4/14/14): \$20.18

Market Cap: \$4.07B

One-Year Forward P/E: 92.0

One-Year Forward EPS: \$0.22

One Year Price Chart

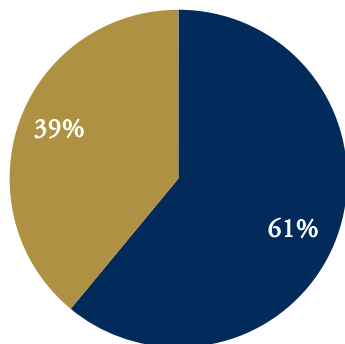


Focus – Multiples Analysis



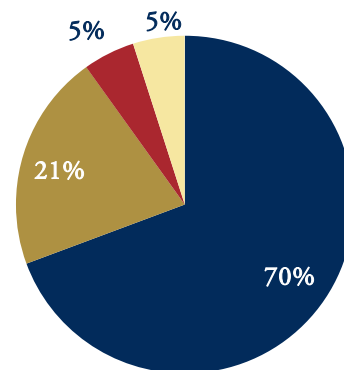
Overview

2013 Revenue By Region



■ United States ■ International

2013 Revenue By Segment



■ Concert ■ Tickets ■ Sponsorship & Advertising ■ Artist Nation

- Largest live entertainment firm
 - 33 countries

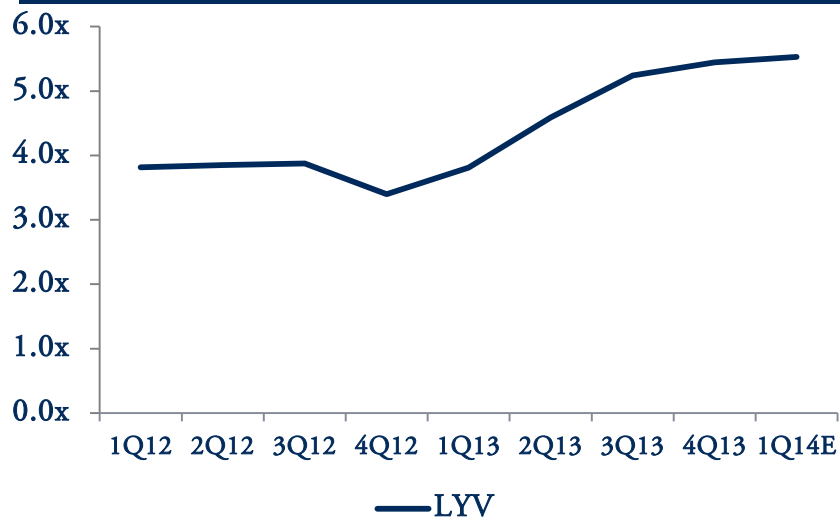
- Vertical Integration
 - Artist Nation
 - Sponsorship & advertising
 - Ticketing
 - Concerts



Multiples Analysis

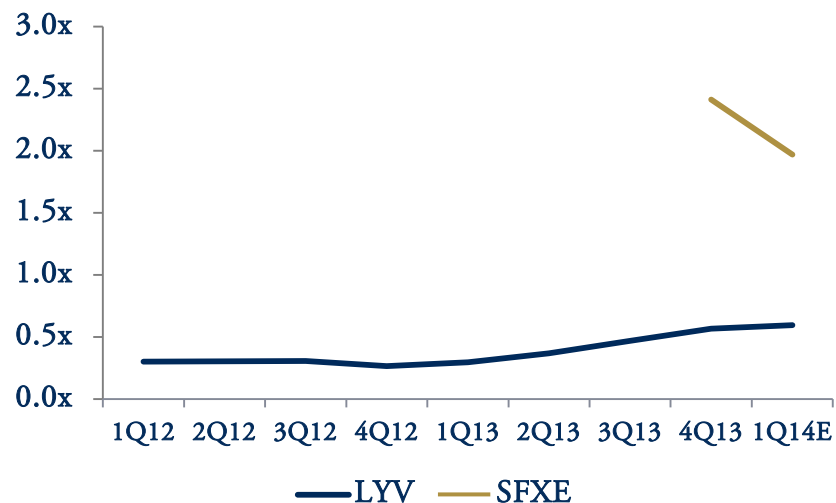
- Utilized Implied Forward P/AOI, P/Sales, P/EBITDA
- Compared with SFX Entertainment, Inc.

Forward P/AOI



Forward P/AOI: 5.70x
FY 2014E AOI: \$760.56M
Intrinsic Value: \$20.69

Forward P/Sales

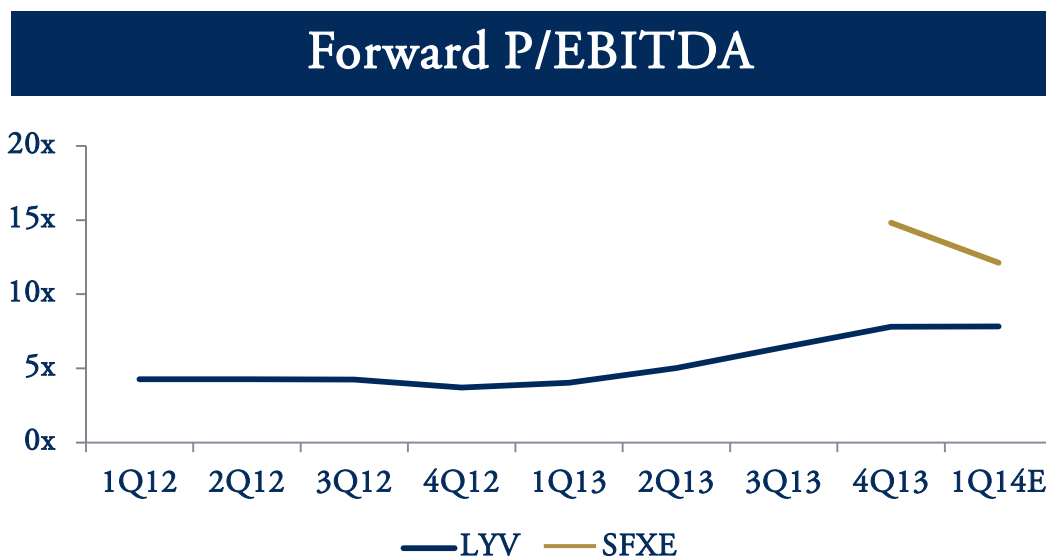


Forward P/S: 0.70x
FY 2014E Sales: \$7.06B
Intrinsic Value: \$23.59



Multiples Analysis

- Utilized Implied Forward P/AOI, P/Sales, P/EBITDA
- Compared with SFX Entertainment, Inc.



Forward P/EBITDA:

8.0x

FY 2014E EBITDA:

\$537.85M

Intrinsic Value:

\$21.82



Valuation and Thesis

Live Nation

Recommendation - Buy

Valuation Method	Weight	Valuation	Contribution
Book Value/Share	0%	\$ 7.97	\$ -
Forward P/S Multiple	33%	\$ 23.59	\$ 7.86
Forward P/EBITDA Multiple	33%	\$ 20.53	\$ 6.84
Forward P/AOI Multiple	33%	\$ 20.69	\$ 6.90
Discounted AOI/Share	0%	\$ 53.96	\$ -
DFCF/Share	0%	\$ (3.38)	\$ -
Intrinsic Value			\$ 21.60
Market Price (04/14/2014)			\$ 20.18
Estimated Upside/(Downside)			7.05%

Investment Thesis:

- Flywheel synergies and cost savings
- Monopoly on ticketing
- Diversification of artists, venues, and genres



Kinder Morgan Energy Partners

NYSE: KMP



Price (4/14/14): \$77.68

Market Cap: \$34.68B

One-Year Forward P/E: 27.26

One-Year Forward EPS: \$2.57

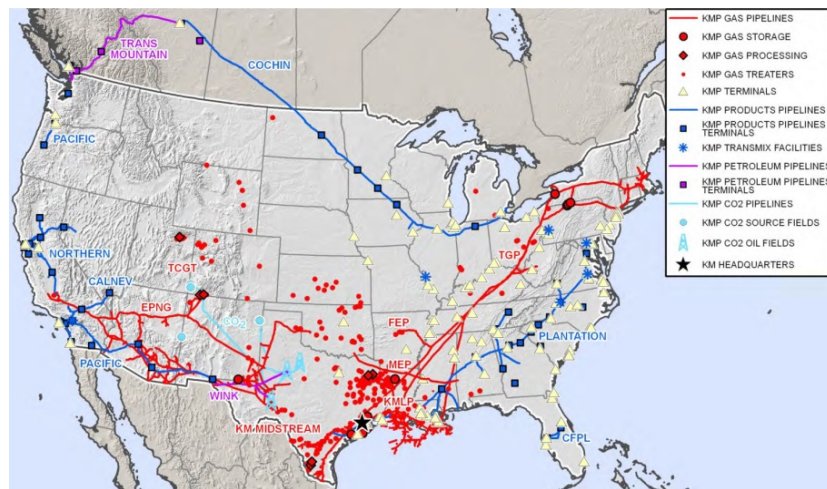


Focus – MLP Valuation/DDM

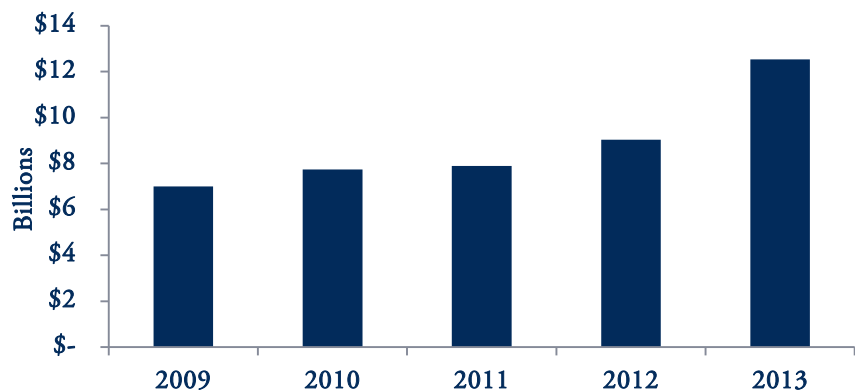


KMP Overview

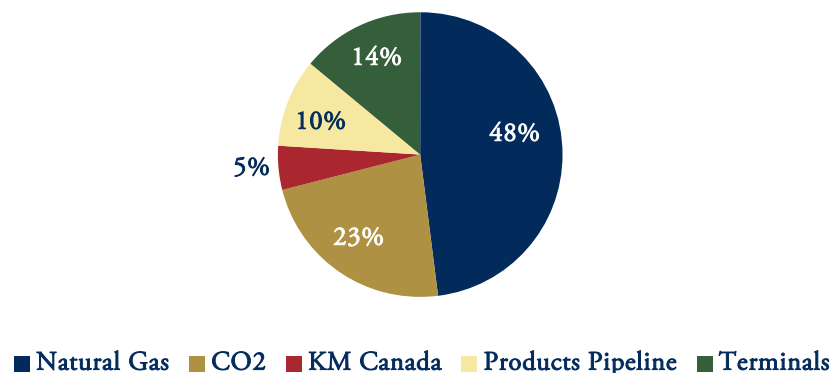
- North America's largest midstream energy MLP
 - Pipeline transportation
 - 52,000 miles
 - Energy storage
 - 180 Terminals



Revenue Growth



2013 Revenues (\$12.5B)



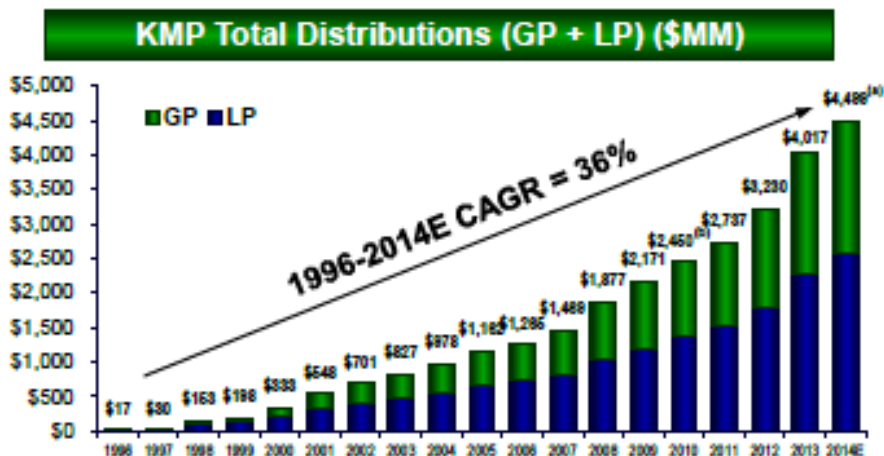


KMP MLP Valuation

Distributed Cash Flow

- MLP: Limited Partner Investment
 - Required quarterly distributed cash flow
- KMP distributed cash flow
 - GP's goal: 1.0X coverage ratio

	Yield	Dist. Growth	Coverage
BPL	5.9%	4.8%	1.03x
DPM	6.0%	6.2%	1.07x
EEP	7.9%	0.0%	0.71x
EPD	4.4%	6.1%	1.55x
ETP	6.9%	2.9%	1.05x
KMP	7.4%	5.4%	1.09x
MMP	3.6%	17.0%	1.42x
OKS	5.6%	2.8%	0.99x
PAA	5.0%	9.3%	1.28x
SEP	4.7%	10.0%	0.99x
WPZ	7.2%	7.8%	0.90x





KMP: MLP Valuation

Dividend Discount Model

	Historic	Pro Forma					
\$ Millions	2013	2014	2015	2016	2017	2018	
Net Income	3,445	2,956	3,520	3,839	4,631	5,584	
(+) Depreciation, Depletion & Amortization	1,446	1,815	1,856	1,900	2,056	2,225	
(+) Other Non-Cash Items	167	324	331	381	437	485	
(-) Maintenance Capital Expenditures	181	372	402	435	471	510	
% NPPE	1.19%	1.25%	1.25%	1.25%	1.25%	1.25%	
Distributable Cash Flow	4,877	4,723	5,304	5,684	6,653	7,783	
(-) General Partner (KMI) Preferred Dividend	2,514	2,125	2,440	2,526	3,171	3,945	
Limited Partner's Distributed Cash Flow	2,363	2,598	2,864	3,158	3,482	3,839	
Total Shares Outstanding on Balance Sheet Date	443.4	465.6	488.9	513.3	539.0	565.9	
Annual Dividend per share	5.33	5.58	5.86	6.15	6.46	6.78	
LP Distribution		5.58	5.86	6.15	6.46	6.78	TV
Dividend less Taxes		5.41	5.68	5.97	6.27	6.58	94.93
Present Value of Dividend		5.41	5.26	5.12	4.97	4.84	64.61
Implied Value	\$90.21						

- Limited Partner Effective Tax Rate: 3%
- WACC/Discount Rate: 8%
- Terminal Value Growth Rate: 1%



Valuation and Thesis

Recommendation – Buy

Valuation Method	Weight	Valuation	Contribution
Book Value/Share	0%	\$ 49.16	\$ -
Dividend Discount Model	70%	\$ 90.21	\$ 63.15
Forward Price/EBITDA	5%	\$ 73.38	\$ 3.67
Forward P/E	5%	\$ 74.44	\$ 3.72
FCF/Share	20%	\$ 81.36	\$ 16.72
Intrinsic Value			\$ 86.81
Market Price (04/14/2014)			\$ 77.58
Estimated Upside/(Downside)			11.9%

Investment Thesis:

- \$14.8B committed in diversified infrastructure projects
- Macro Environment:
 - Domestic demand: Russia/Ukraine uncertainty
 - Low interest rates have positive effect on MLP's
- Strong asset base: remote drilling, fracking, and horizontal drilling

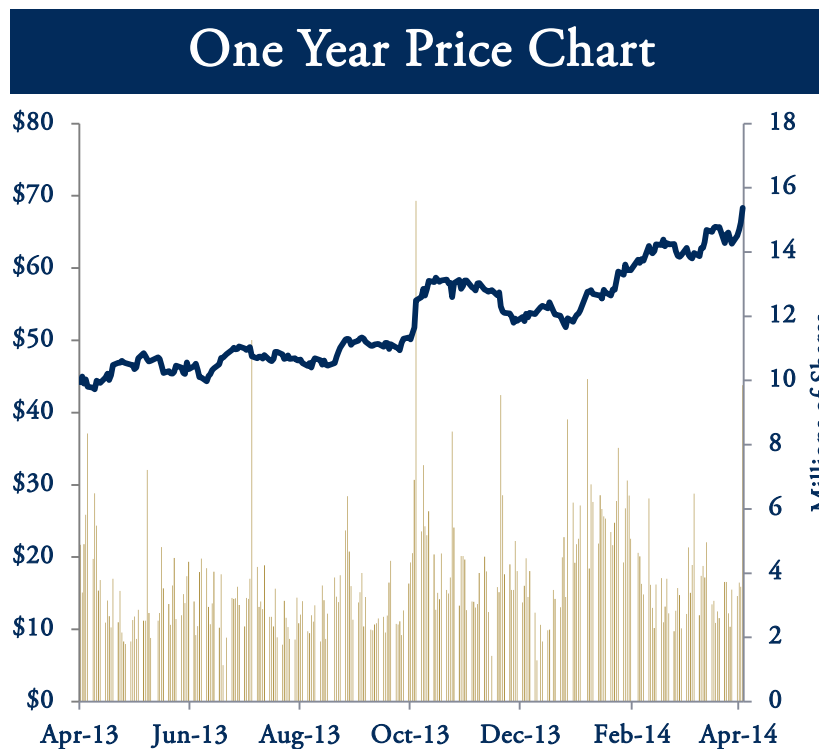


Baker Hughes

NYSE: BHI



Price (4/14/14): \$63.70
Market Cap: \$30.92B
One-Year Forward P/E: 14.47
One-Year Forward EPS: \$4.18



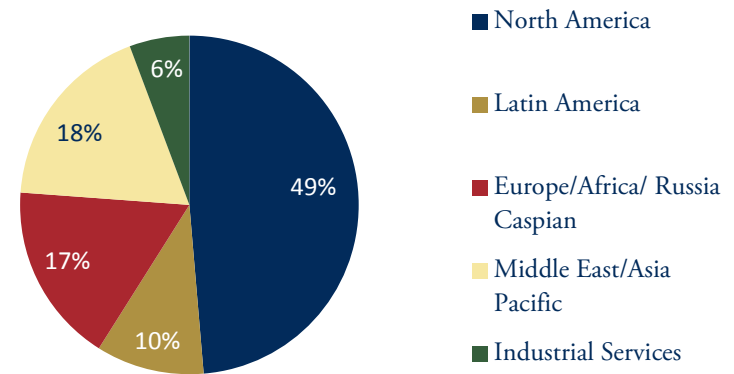
Focus – DFCF/WACC



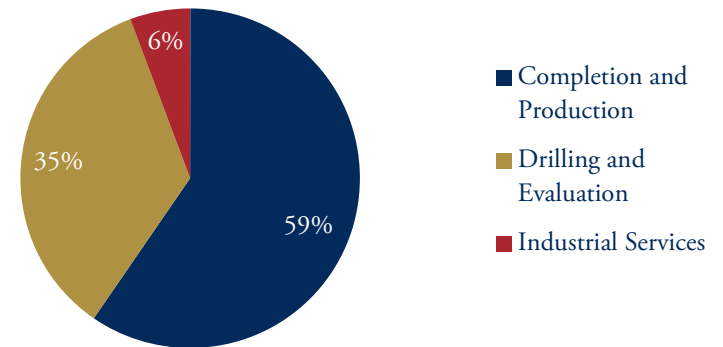
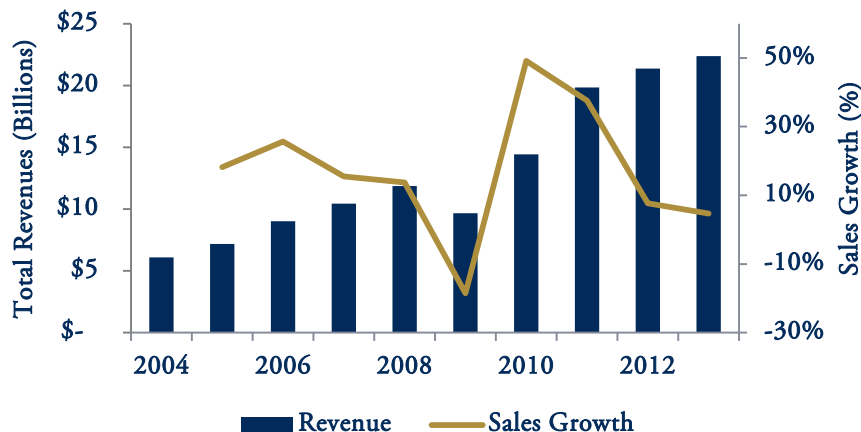
Background

- Supplier of products and services to the worldwide oil & gas industry
 - Oilfield Operations & Industrial Services Segments
 - Revenues driven by operations
- 2010 acquisition of BJ Services

2013 Revenues



Revenue Growth





DFCF

Revenue Build

Latin America Revenue Analysis

	2014	2015	2016	2017	2018
Revenue	\$ 2,192	\$ 2,192	\$ 2,246	\$ 2,303	\$ 2,360
Growth in Revenue	-5.0%	0.0%	2.5%	2.5%	2.5%

(\$ in millions)

Middle East/Asia Pacific Revenue Analysis

	2014	2015	2016	2017	2018
Revenue	\$ 5,022	\$ 6,026	\$ 6,930	\$ 7,277	\$ 7,641
Growth in Revenue	24.0%	20.0%	15.0%	5.0%	5.0%

(\$ in millions)

- Latin America revenue stagnates as BHI repositions
- Middle East continues to be firm's fastest growing segment, normalizing in 2017

BHI Projected Revenue by Reporting Segment

	2014	2015	2016	2017	2018
North America	\$ 11,531	\$ 12,684	\$ 13,635	\$ 14,317	\$ 14,675
Latin America	\$ 2,192	\$ 2,192	\$ 2,246	\$ 2,303	\$ 2,360
Europe/Africa/ Russia Caspian	\$ 4,235	\$ 4,553	\$ 4,780	\$ 5,019	\$ 5,270
Middle East/Asia Pacific	\$ 5,022	\$ 6,026	\$ 6,930	\$ 7,277	\$ 7,641
Industrial Services	\$ 1,369	\$ 1,437	\$ 1,509	\$ 1,584	\$ 1,663
Total Revenue	\$ 24,348	\$ 26,891	\$ 29,101	\$ 30,500	\$ 31,609
Growth in Total Revenue	8.87%	10.45%	8.22%	4.81%	3.64%

(\$ in millions)



DFCF

Weighted Average Cost of Capital

Beta Regression Results

	Monthly	Monthly (Post-Acquisition)	Industry
Predicted Beta	1.61	1.54	1.71
R ²	35.14%	32.75%	67.55%
Adjusted Beta	1.41	1.36	1.48

Cost of Equity- CAPM

Equity Risk Premium	5.0%
Risk Free Rate	2.76%
Beta	1.4
Cost of Equity	9.76%

- Rationale: Below industry beta consistent with diversified offerings versus singularly focused competitors.
- **Final Beta Forecast: 1.4**

Cost of Debt

Cost of Debt	3.68%
Tax Rate	32.50%
After-Tax Cost of Debt	2.48%

WACC Calculation

Total Debt	After-Tax Cost of Debt	Total Equity	Cost of Equity	WACC
\$6,015	2.48%	\$28,604	9.76%	8.50%

(\$ in millions)

Source: Company Filings,
AIM/Maguire 2014



Valuation and Thesis

Baker Hughes

Recommendation – Do Not Buy

Valuation Method	Weight	Valuation	Contribution
Book Value/Share	0%	\$ 40.89	\$ -
DFCF Value / Share	80%	\$ 57.16	\$ 45.73
Forward Price/Earnings Multiple	10%	\$ 60.42	\$ 6.04
DDM Analysis	0%	\$ 13.49	\$ -
Implied DDM Analysis	10%	\$ 70.41	\$ 7.04
Intrinsic Value			\$ 58.81
Market Price (04/14/2014)			\$ 63.70
Estimated Upside/(Downside)			(7.7%)

Investment Thesis:

- Revenue growth driven by E&P Spending and ultimately energy prices
- Potential ability to gain market through superior technology and processes
- Good company, expensive stock



World Wrestling Entertainment

NYSE: WWE



Price (4/14/14): \$20.41
Market Cap: \$1.6B
One-Year Forward P/E: 226.8
One-Year Forward EPS: \$0.09

One Year Price Chart



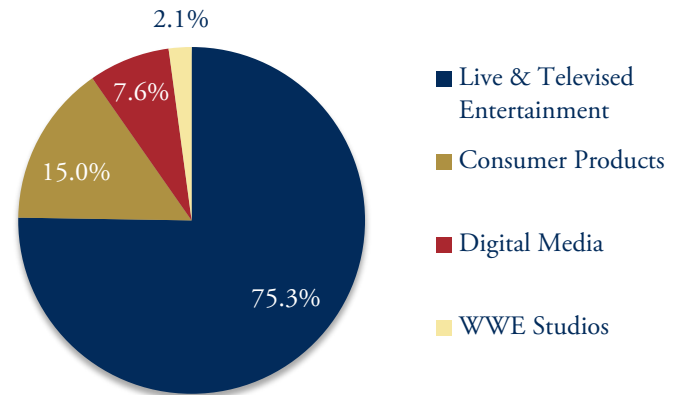
Focus – Discovery



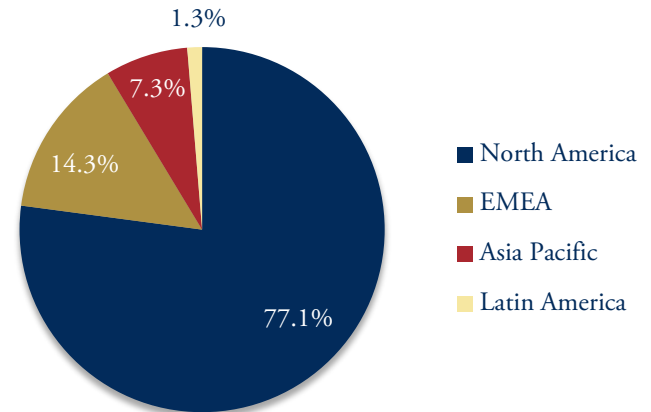
WWE Background

- Integrated media and entertainment company
- Revenues mainly driven by live entertainment segment and U.S.
- Launched online network in Feb
- Domestic TV rights up for renewal

2013 Revenues



Revenue Growth

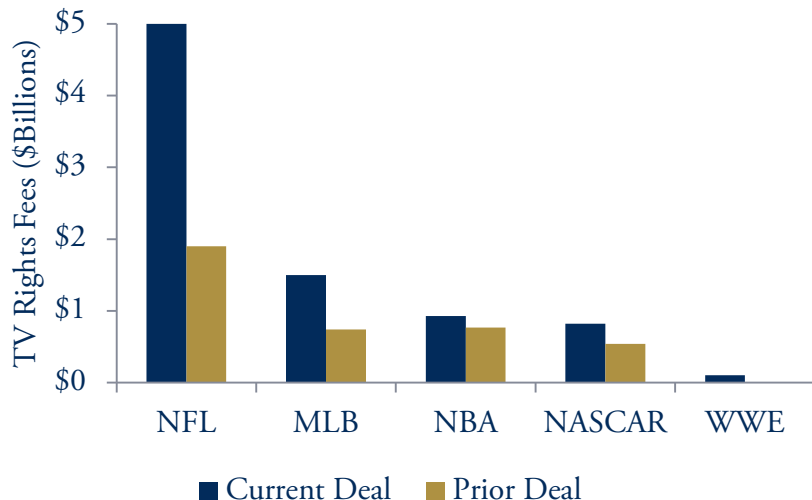




Discovery

Understanding Market Trends

US Annual TV Rights Fees



- Researched current trends in media industry
 - Content is king
 - Huge premiums commanded by DVR-proof programming
 - Rise of mobile devices and online streaming

- Spoke with Former President of NBC Sports Ken Schanzer
 - WWE's greatest strength is library of proprietary content
 - WWE is one of few entities successful at PPV programming
 - WWE was major reason for USA Network's rise to #1 cable channel
 - \$300M TV rights fees request in line with industry trends

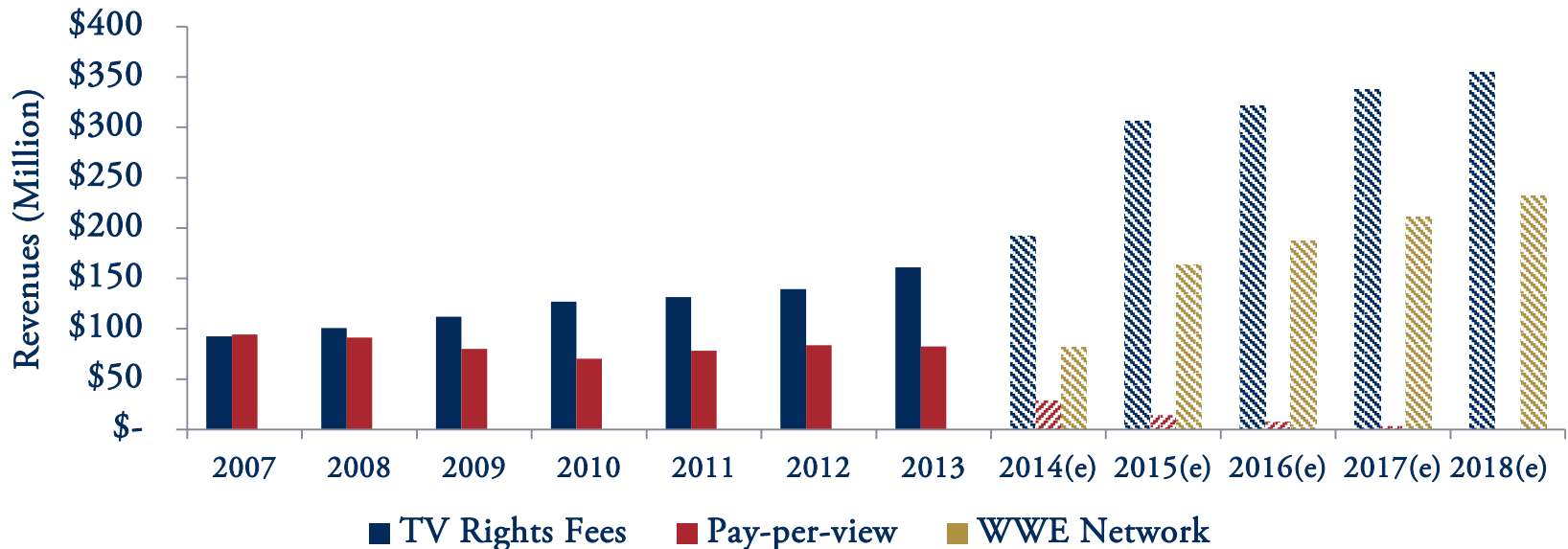


Discovery

Impact on Financial Performance

- Annual domestic TV rights fees increase 150%
- WWE Network surpasses 1M subscribers in early 2015
- WWE Network cannibalizes Pay-per-view revenues

Live & TV Entertainment Revenues





Valuation and Thesis

WWE

Recommendation – Buy

Valuation Method	Weight	Valuation	Contribution
Base Case DFCF/Share	50%	\$ 22.02	\$ 11.01
Bull Case DFCF/Share	20%	\$ 31.21	\$ 6.24
Bear Case DFCF/Share	15%	\$ 14.96	\$ 2.24
Dividend Discount Model	15%	\$ 21.49	\$ 3.22
Forward Price/Earnings Multiple	0%	\$ 4.88	\$ -
Forward EV/EBITDA Multiple	0%	\$ 1.55	\$ -
Forward Price/EBITDA Multiple	0%	\$ 1.72	\$ -
Book Value/Share	0%	\$ 3.44	\$ -
Intrinsic Value			\$ 22.72
Market Price (4/14/2014)			\$ 20.41
Estimated Upside/(Downside)			11.3%

Investment Thesis:

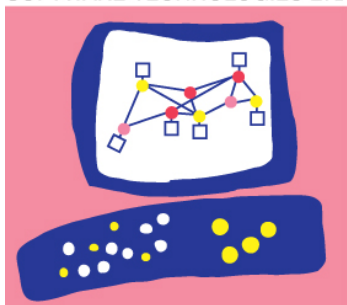
- Strong growth potential from WWE Network in U.S. and internationally
- Growing emphasis on live entertainment will drive significant TV rights fees increase
- No additional investment required for increased TV rights fees, so margins and asset turnover should improve significantly



Check Point Software

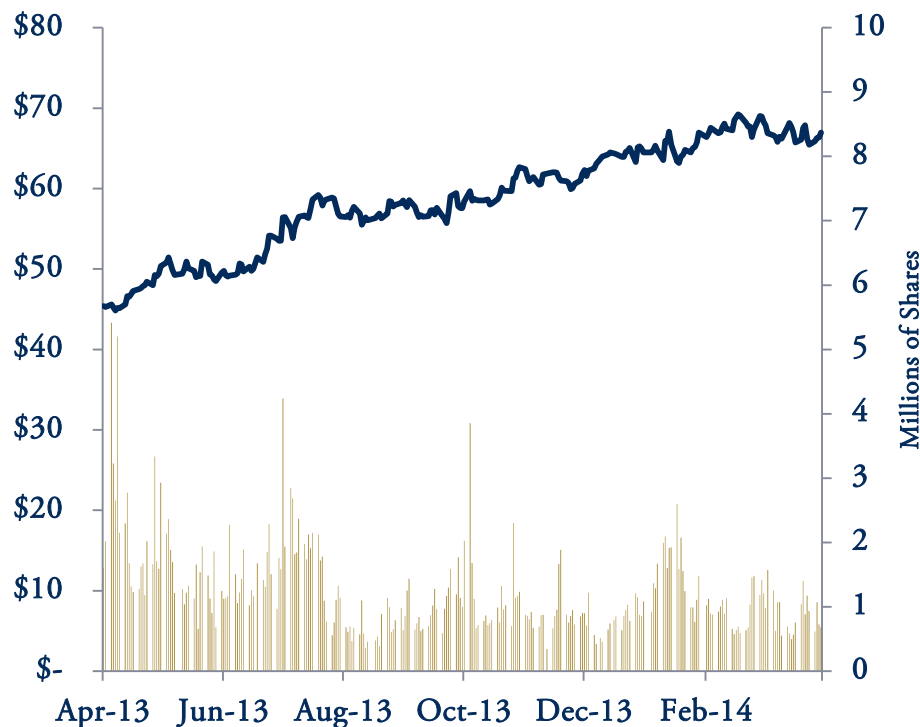
NASDAQ: CHKP

Check Point[®]
SOFTWARE TECHNOLOGIES LTD.



Price (4/14/14):	\$65.82
Market Cap:	\$13.3B
One-Year Forward P/E:	20.00
One-Year Forward EPS:	\$3.80

One Year Price Chart



Focus – Technical Analysis

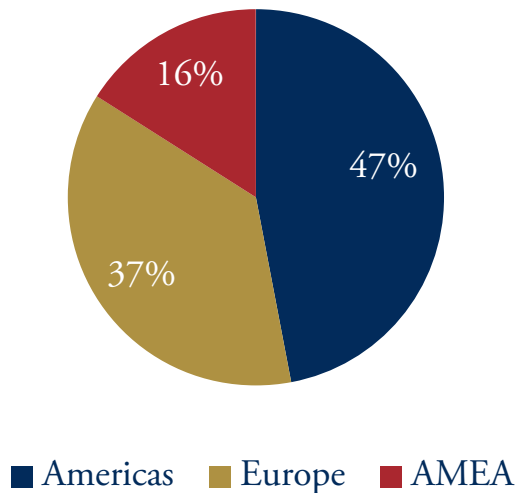


Company Overview

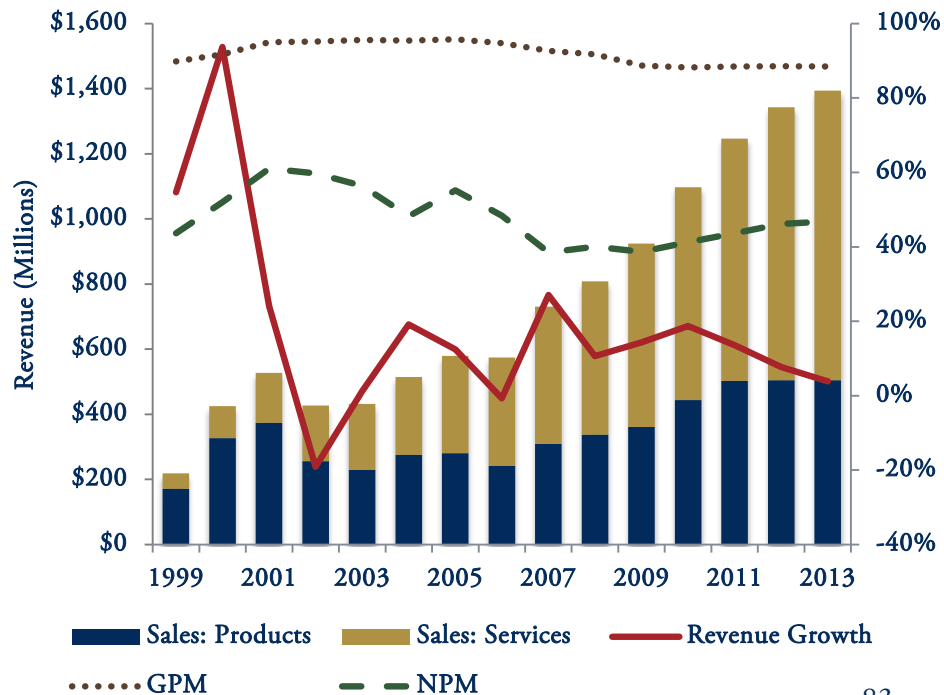
“Inventors of the modern firewall”

- Incorporated in 1993
- HQ: Tel Aviv, Israel
- Hardware and software solutions
- Customization & flexibility
- Network gateways & endpoints
- Channel partner strategy

2013 Revenue by Region



Revenue & Margins





Technical Analysis

Relative Strength (1 Year)



Relative Strength: Buy

- Examines performance of a stock relative to a market index



Technical Analysis

Moving Averages (1 Year)



Moving Averages: Neutral

- Provides smoothed indicators of the overall trend of prices



Technical Analysis

Support and Resistance (3 Year)



Support & Resistance: Neutral

- Two different levels of support and resistance before trading within an upward channel for most of 2013



Technical Analysis

Support and Resistance (1 Year)



Support & Resistance: Neutral

- Recent channel breakout and possible new levels of support and resistance



Technical Analysis

Wildcard: Aroon



Aroon: Sell

- Measures the propensity for the stock to hit its 25-day high vs. 25-day low (upward or downward trend)



Technical Analysis

Summary

Relative Strength	Buy
Moving Averages	Neutral
Support and Resistance	Neutral
Aroon	Sell
Overall	Neutral



Valuation and Thesis

Check Point Software Technologies LTD.

Recommendation - Buy

Valuation Method	Weight	Valuation	Contribution
Book Value/Share	0%	\$ 18.73	\$ -
DFCF Value / Share	80%	\$ 72.16	\$ 57.73
Forward Price/Earnings Multiple	5%	\$ 76.01	\$ 3.80
Forward EV/EBITDA	5%	\$ 74.08	\$ 3.70
Forward Price/Book Multiple	5%	\$ 80.50	\$ 4.02
Forward Price/Sales	5%	\$ 77.75	\$ 3.89
Intrinsic Value			\$ 73.14
Market Price (04/14/2014)			\$ 65.82
Estimated Upside/(Downside)			11.1%

Investment Thesis:

- Strong reputation in the industry; leader in network gateway and endpoint solutions
- Healthy balance sheet; ability to take advantage of worthy acquisitions
- Internet of things/connectedness amplifies the need for improved and innovative solutions

Portfolio Performance Evaluation



Historical Performance

Risk Adjusted Performance Measures

Attribution Analysis

Active Share

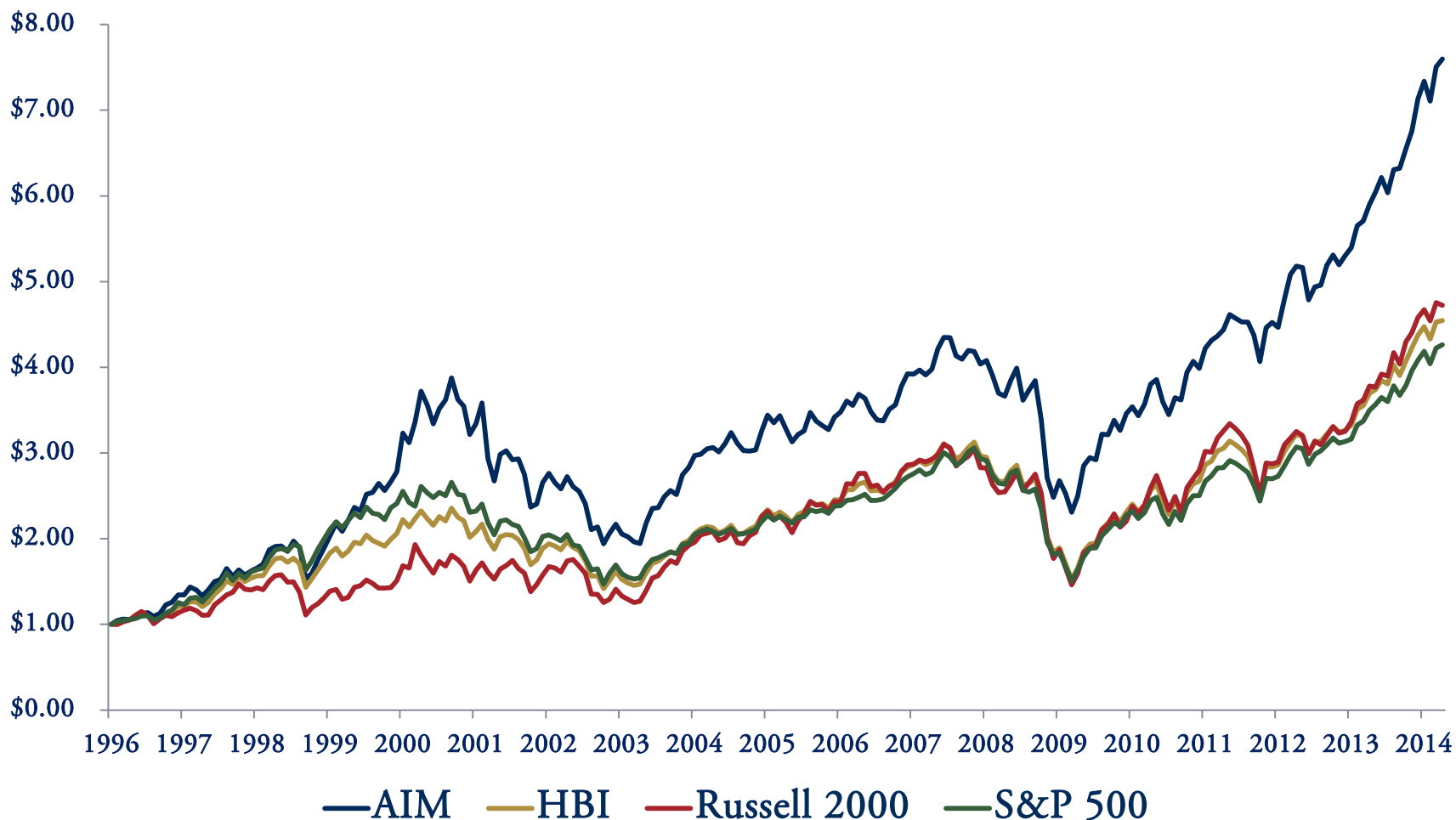
Pick Performance

Portfolio Composition



Return Comparison

Cumulative Return of \$1

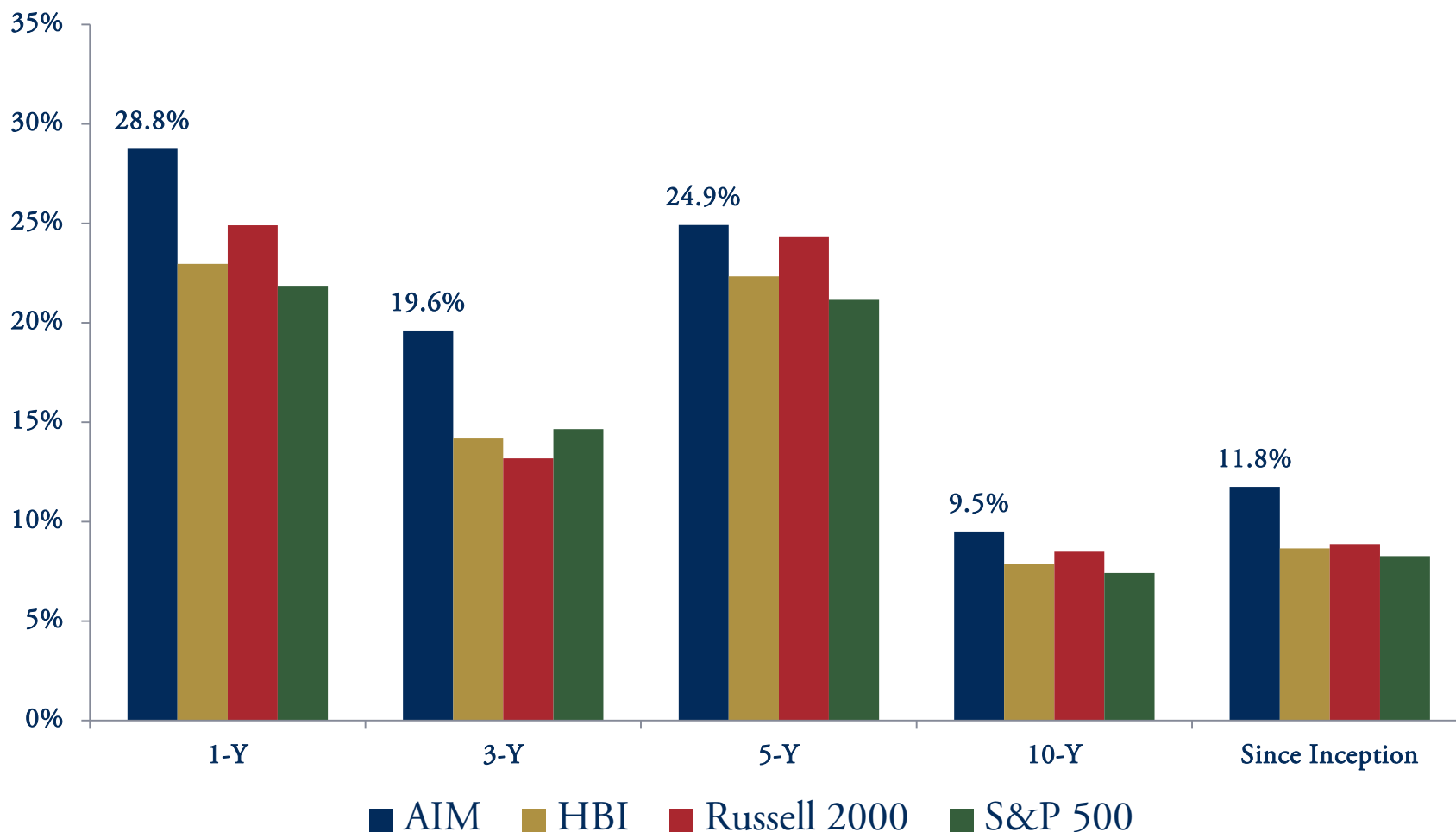


* As of 3/31/2014



Historical Performance

AIM Portfolio Returns vs. Benchmark Returns

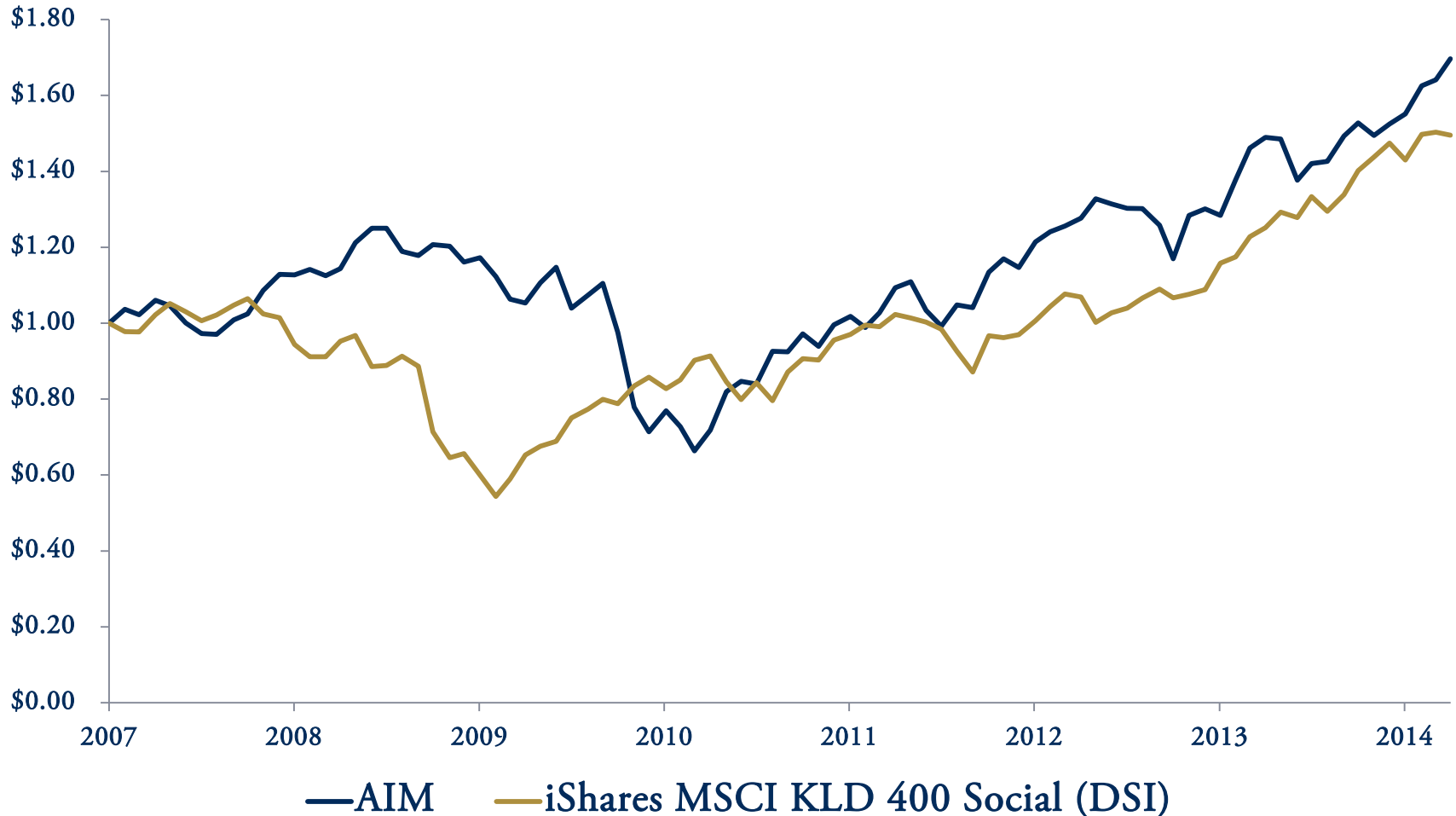


* As of 3/31/2014



Return Comparison

Cumulative Return of \$1



* As of 4/1/2014



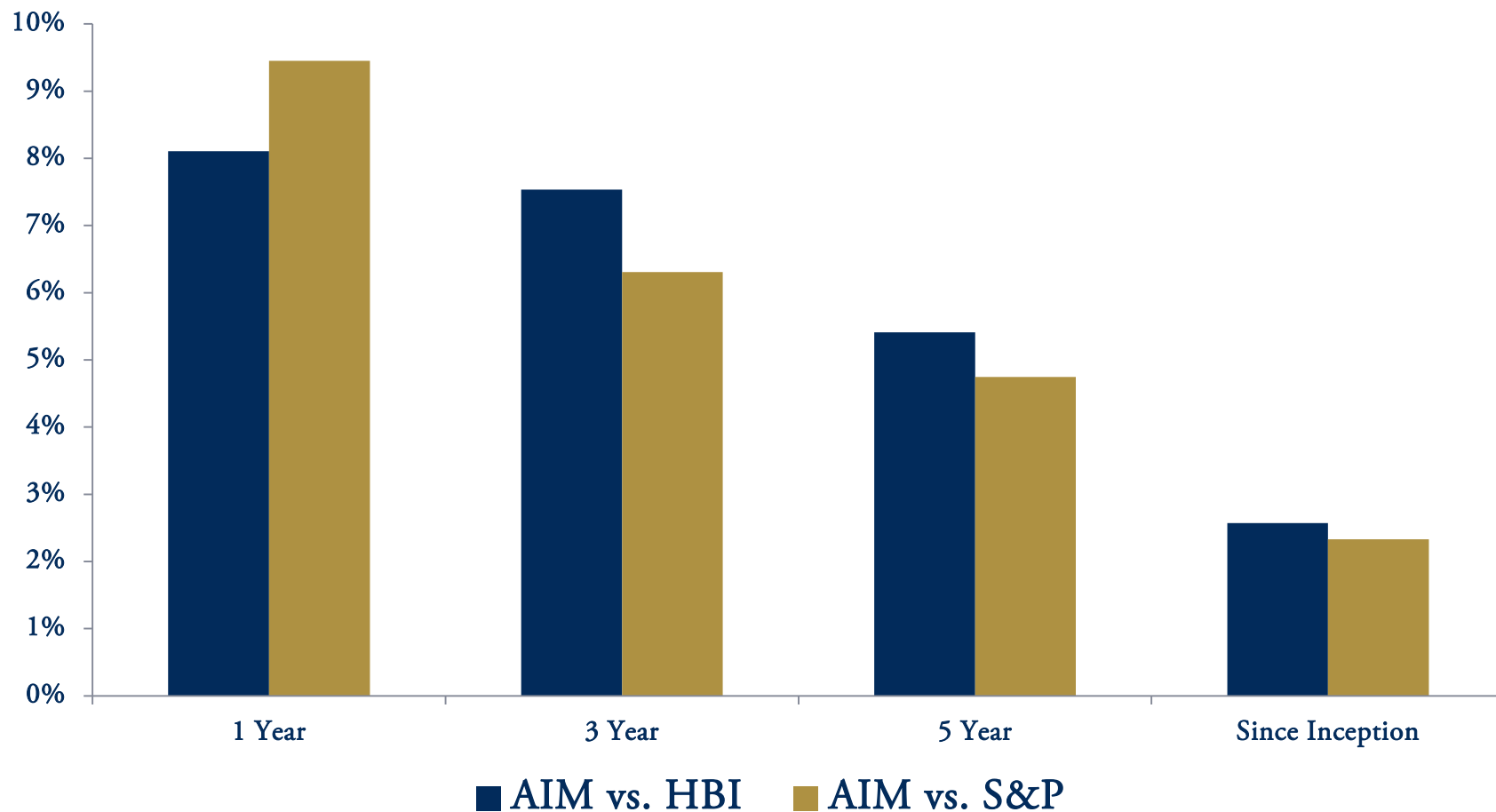
Performance Measures

Risk-Adjusted

- Measure of portfolio return, adjusted for risk
- Jensen's Alpha: $\alpha = r_{p,t} - [r_{F,t} + \beta_p \times (r_{m,t} - r_{f,t})]$
 - Shows average portfolio return beyond that predicted by CAPM
- Sharpe Ratio: $(r_p - r_f) / \sigma_p$
 - Shows whether portfolio returns are due to increased risk or smart investment

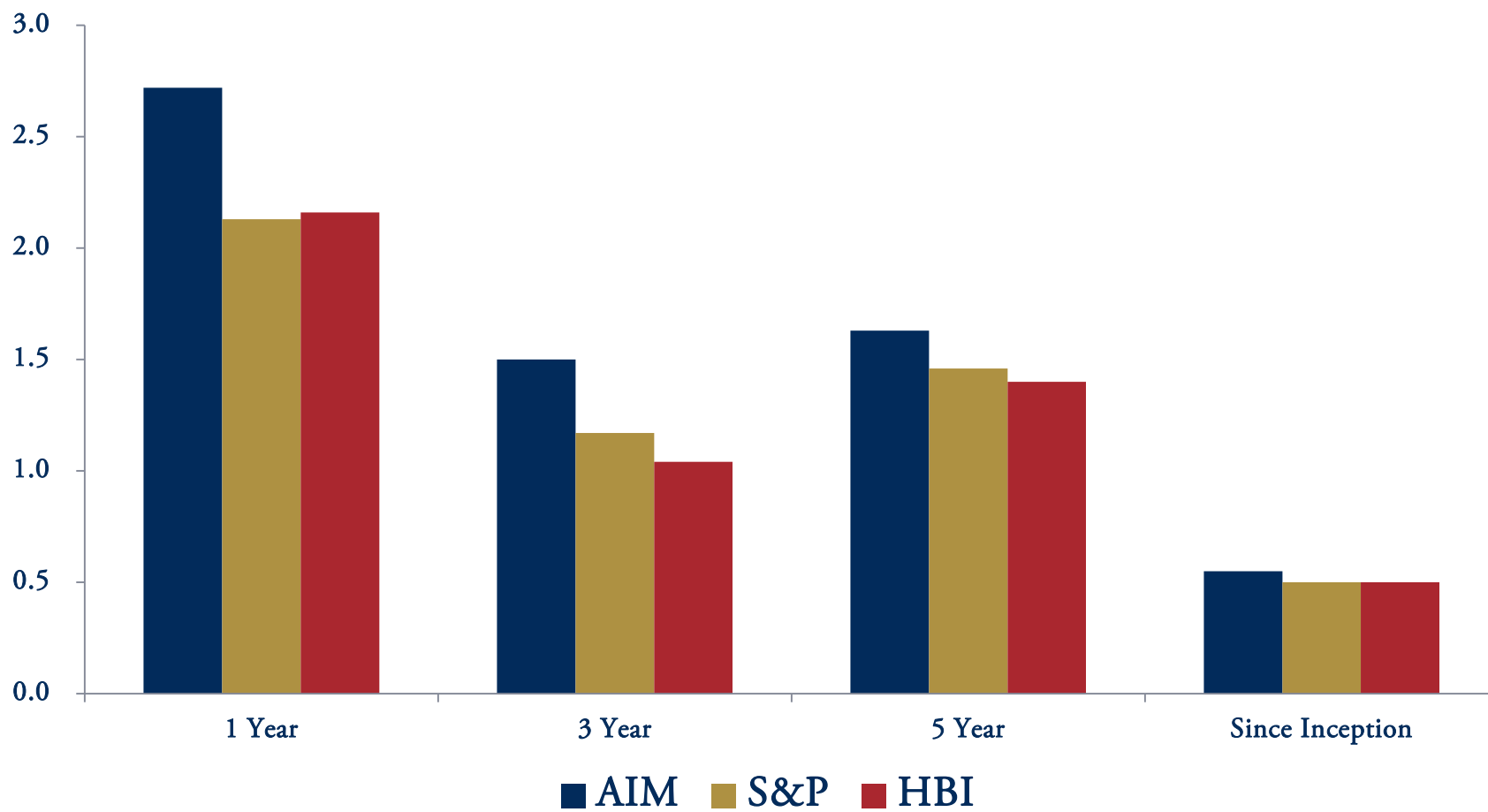


Jensen's Alpha





Sharpe Ratio





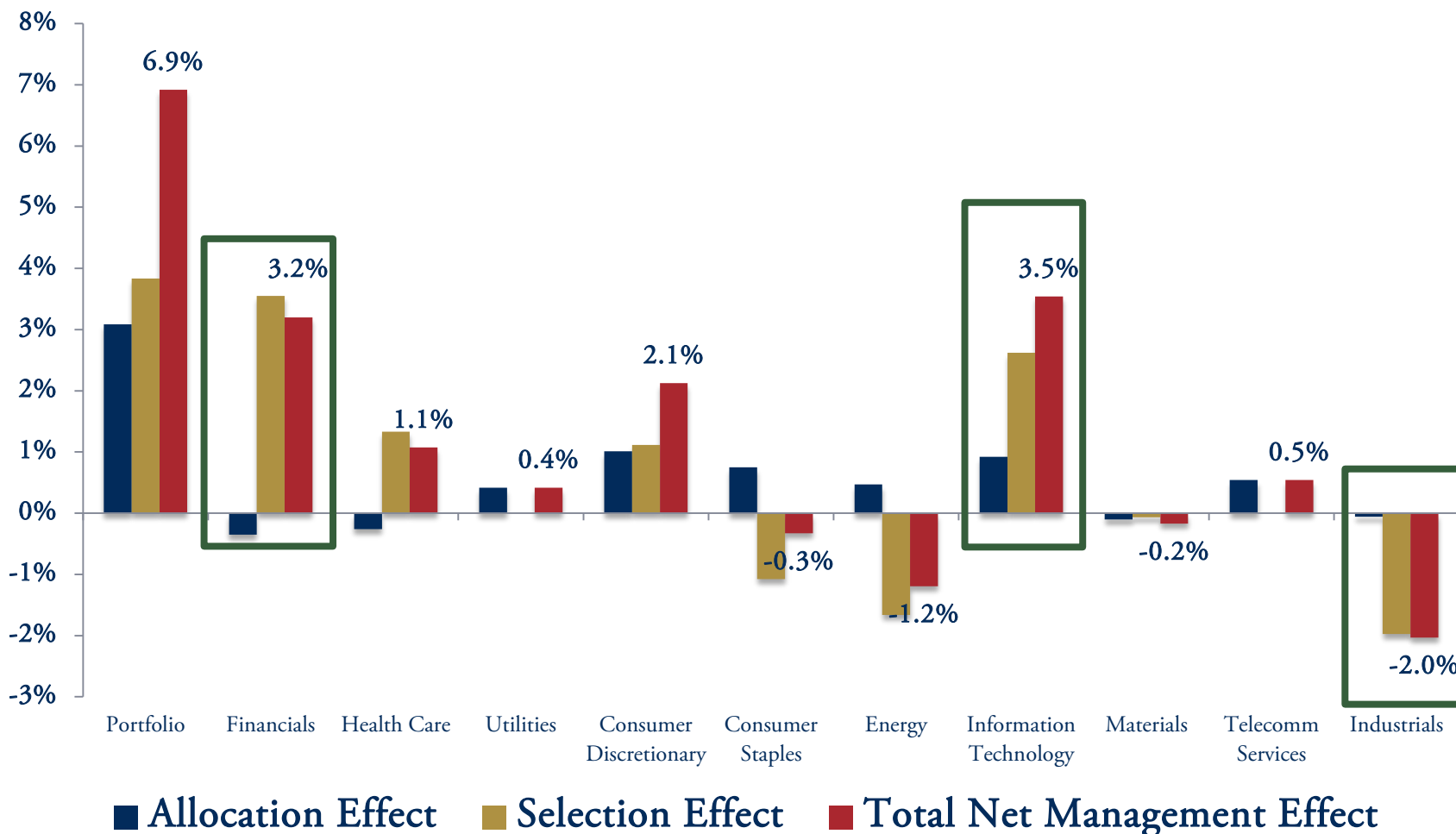
Attribution Analysis

- 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

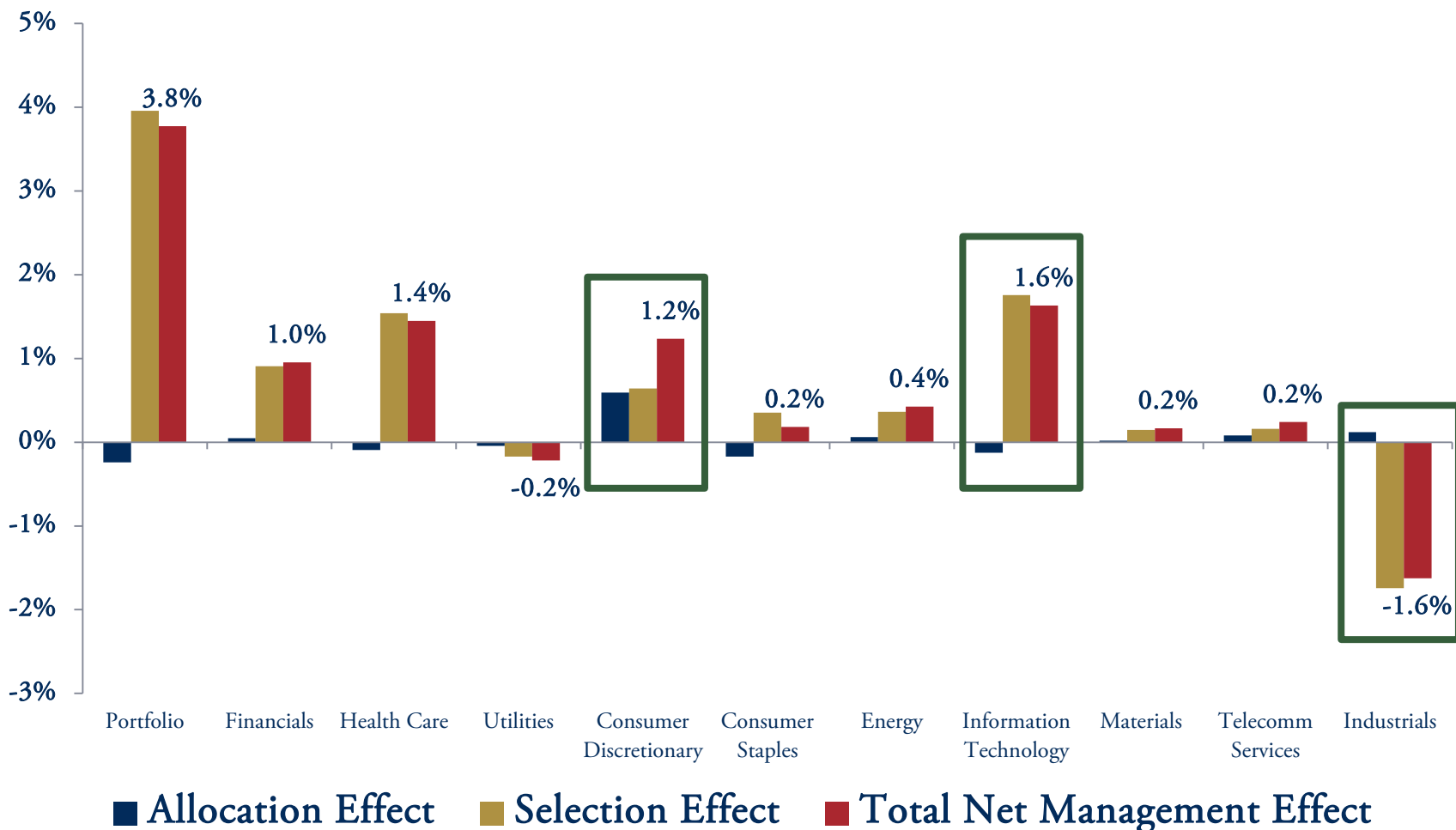
One Year





Performance vs. S&P 500

Five Years





Best & Worst Performers

Top Five Performers

Company	Return
Delphi	57.0%
Jos A. Bank	54.4%
Corning Inc.	52.7%
InterActiveCorp	52.5%
Gilead Sciences	46.1%

Bottom Five Performers

Company	Return
Dollar Tree*	-12.6%
PotashCorp	-11.3%
Select Comfort	-7.7%
Teradata	-7.1%
Apache*	-6.0%

* Holding Period Returns



Active Share

Introduction

- Measure of differentiation between a portfolio and the market, helps avoid closet indexing
- Developed by Martijn Cremers from ND Finance Department, and has become widely used in the financial industry
- Function of the weight of each security's position in a given portfolio compared to that same security's weight in a market index fund
- Higher percentage indicates more active management
- Historically, funds with Active Share above 90% outperformed benchmark by 1.13% after fees



Active Share

Inherited Portfolio: 89.51%

Ticker	Stock	AIM Weight	S&P Weight	Difference
AAPL	Apple, Inc	4.37%	3.02%	1.35%
APA	Apache Corp	3.20%	0.21%	2.99%
ATVI	Activision Blizzard	4.23%	0.00%	4.23%
CMI	Cummins, Inc	4.05%	0.15%	3.90%
COT	Cott Corp	3.44%	0.00%	3.44%
CVA	Covanta Holding Corp	4.27%	0.00%	4.27%
DLPH	Delphi Automotive	4.88%	0.11%	4.77%
DLTR	Dollar Tree	3.26%	0.06%	3.20%
EL	Estee Lauder	3.41%	0.11%	3.30%
EXPD	Expeditors International	3.00%	0.05%	2.95%
GILD	Gilead Sciences	3.85%	0.68%	3.17%
GLW	Corning, Inc	4.80%	0.18%	4.62%
GOOG	Google	4.51%	1.78%	2.73%
IACI	Interactive Corp	4.64%	0.00%	4.64%
INTC	Intel	3.65%	0.79%	2.86%
IPGP	IPG Photonics	3.58%	0.00%	3.58%
JOSB	Jos. A. Bank Clothiers, Inc	4.86%	0.00%	4.86%
MSFT	Microsoft	4.15%	1.80%	2.35%
POT	PotashCorp	3.83%	0.00%	3.83%
PXLW	Pixelworks, Inc	4.73%	0.00%	4.73%
RDH	Diamondrock Hospitality Co	3.72%	0.00%	3.72%
ROK	Rockwell Automation	4.45%	0.11%	4.34%
SCSS	Select Comfort Corp	2.77%	0.00%	2.77%
TDC	Teradata	3.42%	0.04%	3.38%
UNH	United Health Group	3.98%	0.45%	3.53%
Active Share as of 4/25/2014				89.51%



Active Share

New Portfolio: 88.54%

Ticker	Stock	AIM Weight	S&P Weight	Difference
AAPL	Apple, Inc	4.37%	3.02%	1.35%
ATVI	Activision Blizzard	4.25%	0.00%	4.25%
CHKP	Check Point Software Tech	3.50%	0.00%	3.50%
CLMT	Calumet Specialty Products	3.40%	0.00%	3.40%
CVA	Covanta Holding Corp	4.27%	0.00%	4.27%
DE	Deere & Co	3.62%	0.21%	3.41%
DHR	Danaher	3.45%	0.26%	3.19%
DLPH	Delphi Automotive	3.81%	0.11%	3.70%
DLTR	Dollar Tree	3.26%	0.06%	3.20%
GILD	Gilead Sciences	3.88%	0.68%	3.20%
GLW	Corning, Inc	3.78%	0.18%	3.60%
GOOG	Google	3.89%	1.78%	2.11%
HAIN	Hain Celestial Foods	3.49%	0.00%	3.49%
IACI	Interactive Corp	4.19%	0.00%	4.19%
INTC	Intel	3.68%	0.79%	2.89%
KMP	Kinder Morgan Energy Partners	3.63%	0.13%	3.50%
LYV	Live Nation	3.43%	0.00%	3.43%
MON	Monsanto	3.50%	0.35%	3.15%
MSFT	Microsoft	4.21%	1.80%	2.41%
MSI	Motorola Solutions	3.37%	0.09%	3.28%
PAY	Verifone	3.41%	0.00%	3.41%
POT	PotashCorp	3.97%	0.00%	3.97%
PXLW	Pixelworks, Inc	2.99%	0.00%	2.99%
SLB	Schlumberger	3.48%	0.79%	2.69%
UNH	United Health Group	4.00%	0.45%	3.55%
UNP	Union Pacific	3.51%	0.52%	2.99%
WWE	World Wrestling Entertainment	3.42%	0.00%	3.42%
Active Share as of 4/25/2014				88.54%



Pick Performance

Portfolio Management

Returns	
Actual Return	3.97%
Passive Return (No Changes)	3.24%
Improvement	0.73%

- AIM XXXVII analysts sold 10 inherited stocks and bought 7 new stocks
- Portfolio decisions made by AIM XXXVII resulted in short-term benefit for the portfolio
- 18% of total return since AIM XXXVII portfolio was finalized is attributable to changes made to the portfolio



Pick Performance

Closer Look

Inherited Stocks	
Average Inherited Stock Return	3.24%
Average Return of Held Stocks	4.37%
Average Return of Sold Stocks	0.62%

Second Stocks	
Average 2nd Stock Return	-2.43%
Average Return of Bought Stocks	2.08%
Average Return of Passed Stocks	-3.94%

- Only 7 of 25 second stocks outperformed S&P 500
- Analysts did well identifying market underperformers to sell or pass over
- Stocks added to portfolio only slightly outperformed S&P 500 benchmark
- Stocks replaced considerably underperformed S&P 500



Pick Performance

Scenario Analysis

Percentages of Top Performers	
Average Inherited Stock Return	40%
Average Return of Held Stocks	60%
Average Return of Sold Stocks	60%

Performance Capture	
Best Possible Portfolio	13.18%
Worst Possible Portfolio	-12.18%
Performance Range	25.36%
Actual Performance	3.97%
Actual as % of Range	63.7%

- Three of Top 5 performers were not included in portfolio
 - Two were sold (Wynn Resorts and Caterpillar)
 - One was passed over (Tesla Motors)
- Even in short term, wide range of possible performance



Portfolio Composition

Current Portfolio (4/21/14)

Stock	Ticker	Weight	Market Value	Stock	Ticker	Weight	Market Value
Activision Blizzard	ATVI	4.3%	\$ 417,900	Kinder Morgan*	KMP	3.5%	\$ 338,756
Apple	AAPL	4.4%	\$ 425,359	Live Nation*	LYV	3.6%	\$ 348,168
Calumet*	CLMT	3.5%	\$ 338,924	Microsoft	MSFT	4.1%	\$ 403,899
Check Point Software*	CHKP	3.5%	\$ 341,500	Monsanto*	MON	3.4%	\$ 335,820
Corning	GLW	3.8%	\$ 371,525	Motorola Solutions*	MSI	3.2%	\$ 316,815
Covanta Holding Corp	CVA	4.2%	\$ 413,770	Pixelworks	PXLW	3.1%	\$ 304,110
Danaher*	DHR	3.4%	\$ 330,975	PotashCorp	POT	3.9%	\$ 384,480
Deere & Co.*	DE	3.5%	\$ 345,358	Schlumberger*	SLB	3.4%	\$ 336,699
Delphi Automotive	DLPH	3.9%	\$ 378,565	Union Pacific*	UNP	3.5%	\$ 345,690
Dollar Tree	DLTR	3.2%	\$ 313,296	United Health	UNH	3.7%	\$ 363,648
Gilead Sciences	GILD	4.1%	\$ 400,730	Verifone*	PAY	3.7%	\$ 356,895
Google	GOOG	3.9%	\$ 377,574	WWE*	WWE	3.7%	\$ 361,440
Hain Celestial Group*	HAIN	3.5%	\$ 342,615	Proshares Ultrashort Tech*	REW	0.0%	\$ 4,756
Intel	INTC	3.6%	\$ 351,604	Consumer Discretionary*	XLY	0.1%	\$ 5,095
Interactive Corp	IACI	4.3%	\$ 416,760	Cash		0.3%	\$ 32,995
* denotes new position				Total		100.0%	\$ 9,805,721



Portfolio Composition

New Stock Purchases

Stock	Ticker
Calumet	CLMT
Check Point Software	CHKP
Danaher	DHR
Deere & Co.	DE
Hain Celestial Group	HAIN
Kinder Morgan	KMP
Live Nation	LYV
Monsanto	MON
Motorola Solutions	MSI
Schlumberger	SLB
Union Pacific	UNP
Verifone	PAY
World Wrestling Entertainment	WWE



Portfolio Composition

Stocks Sold

Stock	Ticker
Apache Corp	APA
Cott Corp	COT
Cummins	CMI
Diamondrock Hospitality	DRH
Estee Lauder Companies	EL
Expeditors International	EXPD
IPG Photonics	IPGP
Joseph A Bank	JOSB
Rockwell Automation	ROK
Select Comfort	SCSS
Teradata	TDC



Portfolio Composition

Stocks Passed

Stock	Ticker
3D Systems	DDD
Amazon	AMZN
Baker Hughes Inc.	BHI
Cabot Oil & Gas Corp	COG
Fabrinet	FN
InvenSense	INVN
Lionsgate	LGF
Salesforce.com	CRM
Stratasys	SSYS
Tesla	TSLA
U.S. Bancorp	USB
Under Armour	UA
Whole Foods Market, Inc	WFM
Yum Brands	YUM



General Information

Guest Speakers

Chicago Trip

Website

Newsletter



Guest Speakers



Ed Trubac
Professor Emeritus, Finance



John Russell
Relative Value Partners



Brian Wrona
Notre Dame Investment Office



Chicago Trip

March 20-21

The Palmer House Hilton



Dinner at Maggiano's





Chicago Trip Speakers

March 20-21

Matt Klody - Founder



Chris O'Brien – Managing Director



MCN CAPITAL
MANAGEMENT, LLC



WYNNCHURCH | CAPITAL



Chicago Trip Speakers

March 20-21

Benedict Rocchio - Partner

Paul Purcell – Chairman & CEO



Baird Capital

BAIRD



Chicago Trip

CBOT





Website

www.aim.nd.edu

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

The screenshot shows the AIM website interface. On the left is a blue navigation menu with the AIM logo and links for 'About AIM', 'Analysts', 'Alumni', 'Publications', 'LinkedIn', and 'my Notre Dame'. The main content area features a 'About AIM' section with a description of the program, a 'News & Events' section with links for 'Fall 2014 Application' and 'Q1 2014 Newsletter', and an 'AIM Portfolio' table. The table lists various stocks with their respective metrics.

Ticker	# of Shares	Price per Share	Value of Position	Only % Change
AMPL	800	\$528.89	\$423,112	
APPL	3,700	\$87.78	\$324,712	1.81%
APVI	21,000	\$13.59	\$285,390	
CMW	2,700	\$148.70	\$399,810	3.29%
COOT	40,700	\$8.13	\$330,891	0.74%
CVNA	23,000	\$19.40	\$446,200	2.28%
DUPN	7,100	\$66.73	\$473,663	
DLTR	6,100	\$51.71	\$315,431	0.66%
DMNH	30,000	\$12.23	\$366,900	0.20%
EEL	4,700	\$11.07	\$52,029	0.19%
ESPD	7,400	\$40.18	\$297,292	0.87%
DILD	8,800	\$71.36	\$627,968	3.32%
DLW	22,300	\$21.16	\$471,772	0.74%
GOOG	400	\$510.70	\$204,280	0.74%
IACI	6,000	\$95.43	\$572,580	0.74%
INTC	13,100	\$26.77	\$350,777	0.74%
JPSP	4,800	\$72.38	\$347,376	0.74%
JOSB	7,200	\$64.42	\$464,184	0.05%
MSFT	10,500	\$192.51	\$2,021,265	0.74%
POT	10,800	\$35.34	\$381,667	0.74%
PNW	85,800	\$8.38	\$718,824	0.74%
ROK	3,800	\$126.86	\$482,188	0.74%
SCSAS	16,000	\$19.06	\$304,960	0.74%
TDC	7,200	\$45.37	\$326,664	0.74%
UNH	4,800	\$175.03	\$840,144	0.74%
Total AIM Portfolio			\$3,498,000	




AIM Newsletter

- Economic Outlook
- Portfolio Performance
- Portfolio Composition
- Alumni Updates
- Current Class Profile

AIM XXXVIII Quarter 1, Spring 2014

AIM QUARTERLY



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Greetings from AIM XXXVIII

As the first quarter of 2014 comes to a close, the 26 MBA/MSA analysts of AIM XXXVIII have recently completed an intense but rewarding first round of security analysis, under the guidance of Professors Jerry Langley, Bill McDonald, and Frank Reilly.

So far, the year has proven to be interesting to say the least, with Jos. A. Bank (JOSB) in the middle of a hostile takeover by Men's Warehouse (MW), and Google (GOOG) continuing to buy and sell technologies at an unprecedented rate. Over the past twelve months the portfolio has gained \$2.38 million for a current value of just over \$9.51 million.

During the upcoming month, we are looking forward to second round stock selection, meeting with AIM alumni and industry professionals during our Chicago Trip, and spending a welcomed spring break with friends & family.

"Goodness is the only investment that never fails" – Henry David Thoreau

1



Closing

- AIM XXXVIII would like to thank:
 - The Advisory Board
 - Scott Malpass
 - Notre Dame Investment Office
 - Jerry Langley, Bill McDonald, Frank Reilly
 - Rachel Karnafel

- Post-Presentation Agenda
 - Short Break
 - Advisory Board panel discussion



AIM XXXVIII

